

INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

No. 30,748

PARIS, MONDAY, DECEMBER 28, 1981

Established 1887

Peking Resumes Criticism of U.S. As a Superpower

By Christopher S. Wren

PEKING — After singling out Moscow for months as the principal threat to world stability, China has resumed its criticism of the United States as a superpower vying with the Soviet Union for hegemony over the Third World.

The change of tone, which has characterized several articles in the official press over the last few weeks, was particularly evident in a lengthy new appraisal of U.S. foreign policy circulated Saturday night by the Chinese news agency in its year-end roundup of international problems as viewed from Peking.

The United States and the Soviet Union belong to the same category. In the eyes of the other countries, they are the superpowers, and each is the other's number one adversary. They alone can pose a formidable threat to each other and imperil each other's strategic interests and security," said the commentary, which was attributed to the agency's Washington correspondent, Feng Di.

Such a portrayal was familiar under Mao in the last two decades. But with the establishment of diplomatic relations between Washington and Peking and the development of commercial ties, the new leadership of Deng Xiaoping noted the references to the United States as a superpower and focused its charge of hegemony on the Soviet Union.

Some Peking-based Western and Third World diplomats who noticed the revival of the ideological formula have suggested at least two reasons for it.

The first is that China, having emerged from the isolation of the Mao years, is trying to enhance its image as an active champion of the developing world. This was shown in its participation at the North-South economic dialogue in Mexico in October and in its blocking of the re-election of Kurt Waldheim in favor of a new UN secretary-general from the Third World.

The second reason is that Mr. Deng's regime is clearly unhappy with the Reagan administration's tentative plans to sell new jet fighters to Taiwan and may be distancing itself in anticipation of possible domestic criticism.

"We have put our message through to American officials and

most of it has gotten through," a senior Chinese diplomat said recently. If the Reagan administration goes ahead and sells the planes to Taiwan, he said, "it doesn't leave us much room to maneuver. We won't have much choice except to retaliate strongly."

The Chinese government has avoided spelling out what steps it would take. The expectation in Peking is that the Chinese Communist Party Central Committee has declared that mixing ideology and industry is correct. Page 5.

king diplomatic quarters is that Mr. Deng would have to downgrade relations to some extent to placate hard-liners in the government and party who would question the advantage of his accommodation with Washington.

When Premier Zhao Ziyang visited North Korea last week, he accused the United States by name of helping cause instability in northeast Asia and reiterated Chinese support for Pyongyang's demand that U.S. troops withdraw from South Korea.

The commentary by the news agency said that the most crucial aspect of U.S. foreign policy involved the Third World, particularly the Middle East and South Asia, which it said were the targets of Soviet expansionism.

The news agency said Washington often "fails to treat the Third World countries as equals" and instead shores up its "old friends, so long as they are pro-American and anti-Communist."

The commentary charged that the United States was not reluctant "to interfere in the affairs of other countries, even at the expense of its own long-term strategic interest. Its approach to China's Taiwan is a case in point."

China has periodically accused the United States of giving the Soviet Union an advantage in the Middle East by blindly supporting Israel. The latest official analysis of the Reagan administration's foreign policy also questioned its concern over Nicaragua and El Salvador.

"It is one thing to counter Soviet and Cuban expansionism; it is another to oppose the people of those countries rising in revolution," the news agency said.



Armored vehicles line a street in Gdansk, which was reported calm after several strikes were ended.

Haig Says Risk of Soviet Intervention May Have Increased

By Don Oberdorfer and John M. Goshko

WASHINGTON — Secretary of State Alexander M. Haig Jr. says that martial law in Poland has not succeeded and that the danger of Soviet intervention may be greater than it was before the military crackdown two weeks ago.

Mr. Haig, in an interview Saturday, said, "Passive resistance in my view will continue, and it will be aggravated by the consequences of economic stagnation and social-economic privation."

He said it is "much too early" to conclude that the danger of direct Soviet intervention has receded, adding, "I think it may even be more possible than before these events occurred."

"Martial law has not succeeded, and it would be premature to suggest that it had," Mr. Haig said. "Once the decision was made to institute repression, the prospects of applying what is necessary to achieve that outcome are stronger rather than weaker."

[President Reagan, according to accounts published in several Sunday newspapers based on interviews, said that a summit meeting with Soviet leader Leonid I. Brezhnev is likely in 1982. He also said that he believes the Polish people should have had the chance to vote in the referendum proposed by the Solidarity trade union.]

[Separately, the White House confirmed that Mr. Reagan has received a reply to his letter to Mr. Brezhnev on Poland last week. The Associated Press reported. In the letter, Mr. Reagan warned the Soviet Union that the United States "will have no choice" but to impose political and economic sanctions against Moscow if repression continues.]

[An administration official said the Brezhnev letter was being studied closely and he would not comment on its contents. It was received in Washington late Friday, he said. In a speech Wednesday, Mr. Reagan said he had sent Mr. Brezhnev a letter "urging him to permit the restoration of basic rights in Poland."]

Mr. Haig also said "the calculus" in future choices in Warsaw and Moscow has been affected by the decision, after months of painful tolerance, to resort to force against the Solidarity union movement.

While communications between Poland and the Soviet Union are reported by U.S. intelligence to be extremely active, there has been no report of major troop movements in Russia that would suggest direct Soviet intervention. Mr. Haig's concern, as he expressed it, seemed to be based primarily on the continuing danger of bloodshed and civil strife that could not be contained by Polish authorities.

According to Mr. Haig, Gen. Wojciech Jaruzelski imposed martial law "either in response to Soviet pressure or as a decision made in Moscow." Mr. Haig did not say conclusively which he believes to be true.

Mr. Haig said Gen. Jaruzelski's address to the Polish people Thursday night was the first response to President Reagan's televised remarks on Poland Wednesday night and his personal letter to Gen. Jaruzelski the day before. Mr. Haig suggested that the postponement of Gen. Jaruzelski's speech on Wednesday, its previously expected time, until Thursday was in order for him to hear first what Mr. Reagan had to say.

Mr. Haig said Gen. Jaruzelski's speech was extremely moderate in tone but added that it failed to contain assurances that martial law is being revised. Mr. Haig noted that the initial actions of the Polish leadership, which he described as a military junta that has supplanted the government and the Communist Party, were couched in moderate language but were "steely" in character.

Mr. Haig said that the internal dynamics in Poland, including re-

ports of discussions between the generals and the influential Roman Catholic Church, suggest that a move toward reconciliation is still a possibility.

In assessing Gen. Jaruzelski's role, Mr. Haig discussed two broad schools of thought: that the Polish leader is a patriotic nationalist seeking to prevent Soviet intervention, or that he is a Soviet proxy seeking to turn back the clock in Poland to the days before the rise of Solidarity as an independent union in August of last year.

"I think either of these extremes is a misreading," he said. "The truth is somewhere between the two, but probably closer to the latter."

Mr. Haig cautioned against accepting either judgment in full, apparently because of the consequences of either conclusion. If martial law is seen as a nationalist effort to stave off the Russians, the West might be expected to support it. U.S. policy at present runs strongly in the other direction.

If, on the other hand, Gen. Jaruzelski is a Soviet proxy, the West might be expected to support it. U.S. policy at present runs strongly in the other direction.

Meat Ration Cut For Some Poles; Miners Hold Out

From Agency Dispatches

VIENNA — Warsaw Radio announced Sunday that the meat ration for Poles other than manual workers would be cut next month, and it reported that more than 1,100 coal miners were still holding out in an underground protest strike in Silesia.

The radio, which called on state and private farmers to step up food deliveries, said that only large imports of meat from the Soviet Union and other Eastern bloc countries had allowed the ration for miners and other manual workers to be maintained at its December level. It cited a serious shortage of supplies as the reason for the reduced rations.

In Rome, Archbishop Luigi Poggi, Pope John Paul's special envoy to Poland, said on his return from Warsaw that Lech Walesa, leader of the now-suspended Solidarity trade union, had not been met in person but was in what he called enforced residence.

Archbishop Poggi, who met with Gen. Wojciech Jaruzelski, who is premier, party leader and head of the military council, said he had not met with Mr. Walesa but was told that the union leader was allowed to attend Sunday mass.

Warsaw Radio said that more than 1,000 Silesian miners were continuing to occupy the Piast colliery in protest against the military takeover Dec. 13. A physician who went into the mine was said to have reported that most of the miners were in need of medical attention.

Solidarity Documents Documents reportedly circulated by members of the Solidarity union indicated that major sit-ins had been ended in Gdansk at the oil refinery, the shipyard and the port. They said some mines in Silesia had been taken over by security forces and, at one mine, strikers had been gassed and forced to the surface.

When they revived, they were forced back to work at gunpoint and those who refused were arrested, the documents said.

Independent reports reaching the West said that miners seemed to be reasserting control over the party at all levels and that purges were going on from top to bottom on the same scale as occurred in Czechoslovakia after the 1968 Warsaw Pact intervention there.

"There are only careerists and Stalinists left," the reports quoted a party source as saying. Disarray, shock and anger were said to have spread through party ranks after the proclamation of martial law, and many members were said to have turned in their party cards.

Other reports reaching the West said Solidarity was secretly circulating documents saying that several people had died in Gdansk and Wroclaw during fighting with security forces. The military government has insisted that the only violent deaths since the army takeover occurred in Silesia on Dec. 16, when seven people were shot and killed at the Wujek coal mine.

Loyalty Oaths The appearance of the Solidarity documents suggested that the trade union had maintained some sort of organization despite the arrest of most of its leaders.

The union appears to be collecting information about encounters with security forces, and other union documents said purges were under way in newspaper offices. The documents said journalists were being interviewed by military officials and were being asked to sign pledges of loyalty to the military authorities.

The publications said that a purge had been completed at Kurier Polski, the newspaper of the Communist-affiliated Democratic Party, and that only 20 percent of the journalists had agreed to the loyalty pledges. The others were reported to have been dismissed.

Word reached the West through independent sources of some trouble in the ranks of the army. The sources said a family had been officially told their son had been shot for "dereliction of duty" and were informed where his body could be picked up.

In Washington, three prominent Poles said that the lives of two leading intellectuals arrested in Poland were in danger. They said in a statement that they had learned that Jacek Kuron and Adam Michnik had been beaten and tortured.

Mr. Kuron, 47, was an adviser to Solidarity and Mr. Michnik, 35, is a historian. The statement appealed to governments and international organizations to intervene to save them.

Another report quoted the father of Mr. Kuron as saying he believed his son was in a detention center in Gdansk. Mr. Kuron's son and wife were also detained, Mr. Kuron's father said. "The two men are fine. I'm sure," he said, according to the report.

Government Payrolls Begin to Shrink in U.S.

By William Serrin

NEW YORK — For the first time since the end of World War II, government employment in the United States is declining, a development that many experts on the workplace say will have a major impact on workers and the public.

In the 12-month period ending Nov. 1, government employment declined by 316,000 workers, including 40,000 at the federal level, 30,000 at the state level and 246,000 at the local level.

Since 1919, which is as far back as Bureau of Labor Statistics figures on unemployment go, government employment has declined only three other times. It happened once in the recession of 1920-21, again in 1932-33, during the Great Depression, and a third time in the period 1944-47, as World War II was ending and the nation was returning to a peacetime economy.

The current decline, analysts said, reflects the recession and the widespread effort to reduce the size of government.

A Changing Market The decline also is occurring as the Reagan administration transfers responsibility for many services to the state and local governments and when services and physical facilities, such as roads and sewers, are deteriorating seriously in many places.

Samuel M. Ehrenhalt, the bureau's New York regional commissioner, said that for decades government employment had been widely regarded by economists and by job seekers as a growing segment of the job market. Government was thought of as an area in which highly secure jobs could be found. Now all that is at an end, Mr. Ehrenhalt said, and he is convinced that government employment will continue to decline in the next two decades.

Analysts said federal employment would decline by tens of thousands of jobs in 1982 because of administration cutbacks.

Terence Rosow, president of the Work in America Institute, a private research organization in Scarsdale, N.Y., said a "brain drain" in Washington of serious proportions was occurring as bright and promising workers were forced from government employment or voluntarily left because of uncertainties that existed there.

David L. Birch, director of the Program on Neighborhood and Regional Change at the Massachusetts Institute of Technology, said, "We're losing the best and the newest and brightest." He said that "seniority becomes the dominant theme" as cutbacks occur.

While agreeing that government employment has leveled off, some experts were not as convinced as Mr. Ehrenhalt that the decline was permanent.

"It's dangerous to say this is forever," said Sir A. Levitan, a labor specialist in Washington. If President Reagan's economic plan works, he said, it will help restore the economy, thus providing increased tax revenues at the state and local levels and enabling governments to provide increased services and employment.

Or, Mr. Levitan said, state and local governments may be forced to increase taxes and thus increase employment as they seek to take on duties passed to them by the U.S. government.

Mr. Birch said that "an enormous skepticism toward government" throughout the country was resulting in a reduction in government at all three levels, but he also said the decline might not be permanent.

In states such as Massachusetts, he said, there is "pressure now to introduce all sorts of loopholes" to allow the state and local governments to continue employment and circumvent tax limitations mandated by the voters.

Government employment, which reached more than 16 million in October, 1980, has expanded substantially during the last 60 years. In 1920, it stood at 2.6 million. It hit 4.2 million in 1940, 6 million in 1950 and 8.6 million in 1960. By 1970, it had jumped to 12.6 million.

Federal employment has held comparatively steady, rising from 1.9 million in 1950 to 2.3 million in 1960, 2.7 million in 1970 and 2.8 million in 1980.

It is at the state and local levels that direct government employment has increased most heavily. State employment rose 140 percent to 3.6 million in 1980 from 2.5 million in 1960. Local government employment rose 117 percent to 9.8 million in 1980 from 4.5 million in 1960.

Cambodia: A Diplomatic Dilemma for Asia and U.S.

By William Branigan

BANGKOK — Three years ago, two columns of Vietnamese troops spearheaded by tanks drove into neighboring Cambodia at the head of a massive invasion force. Less than two weeks later, the vanguard of the Vietnamese blitzkrieg rolled into the capital of Phnom Penh and installed a new government.

The consequences of the Christmas Day invasion continue to preoccupy Southeast Asia today, shaping relations among the states of the region and between each of them and the rest of the world. But the Vietnamese occupation of Cambodia has wider implications as well, for it embodies the larger conflict between China and the Soviet Union.

At the same time, it illustrates the reduction of the U.S. role in the region since the Vietnam war ended.

As far as Cambodia is concerned, the U.S. role has been reduced to following the lead of the region's grouping of non-Communist states, the Association of South East Asian Nations, which includes Indonesia, Malaysia, the Philippines, Singapore and Thailand.

For ASEAN and Western



A Khmer Rouge soldier poses beside a Chinese-made truck in western Cambodia.

countries, the problem has been complicated by the dilemma of supporting a regime that most of them find abhorrent; the deposed Communist Khmer Rouge government is blamed for the deaths of a million to two million

Cambodians during its rule from 1975 to 1979.

ASEAN countries believe their diplomatic and political support is necessary because the Khmer Rouge fields the most effective resistance to the Vietnamese oc-

cupation and, as the holder of Cambodia's seat in the United Nations, serves to deny international recognition to Hanoi's handpicked government in Phnom Penh.

Now, however, as the Viet-

namese occupation drags into its fourth year, the Cambodian issue shows signs of becoming even messier.

A concerted ASEAN effort to spruce up the image of the Khmer Rouge government appears to be running into trouble. Government changes in Phnom Penh, while still mysterious, seem to indicate a tightening of hard-line Vietnamese control over the Cambodian administration. Moreover, there are signs of preparations for intensified new fighting during the current dry season.

A Western diplomat who monitors Cambodia closely said the Vietnamese seemed to be moving toward smaller-scale operations aimed at regaining the initiative in some areas against the 30,000 to 40,000 Khmer Rouge guerrillas.

After reaching a low point following Vietnam's invasion during the 1978-79 dry season, Khmer Rouge military capabilities began to recover toward the end of 1979, growing stronger last year. And with the Vietnamese forces suffering logistical and morale problems, diplomats said, the Khmer Rouge this year were able to take the initiative.

In effect, the Cambodian war (Continued on Page 4, Col. 5)

Abductors Release Photo of General

From Agency Dispatches

MILAN — The Red Brigades on Sunday night released a snapshot of kidnapped U.S. Brig. Gen. James L. Dozier and announced the start of his "people's trial," but the urban guerrillas issued no conditions for his release, police reported.

The abductors broke eight days of silence with a telephone call to an Italian news agency saying they had left the photograph, a communiqué and a long document called a "strategic resolution" in a trash basket in central Milan.

The photograph showed the general's face, a dark spot under his left eye, beneath the group's five-pointed star symbol. Gen. Dozier, 30, appeared to be holding a sign, but the news agency issued no conditions for his release, police reported.

Only anti-imperialist civil war can bury war."

Police said the snapshot of Gen. Dozier appeared to be genuine.

"People's Trial" Claimed The communiqué was the second issued by the Red Brigades since Gen. Dozier was abducted from his apartment in Verona on Dec. 17. After announcing the start of the general's "people's trial," the communiqué said: "This pig, this killer is a 'hero' of American massacres in Vietnam, where for his 'merits' he earned various decorations."

Gen. Dozier, deputy chief of staff for logistics and administration at NATO's Southern Europe land forces base in Verona, fought in the Vietnam War.

"Comrades, proletarians, the proletarian trial of the pig Dozier has begun," the three-page communiqué said, according to police reports.

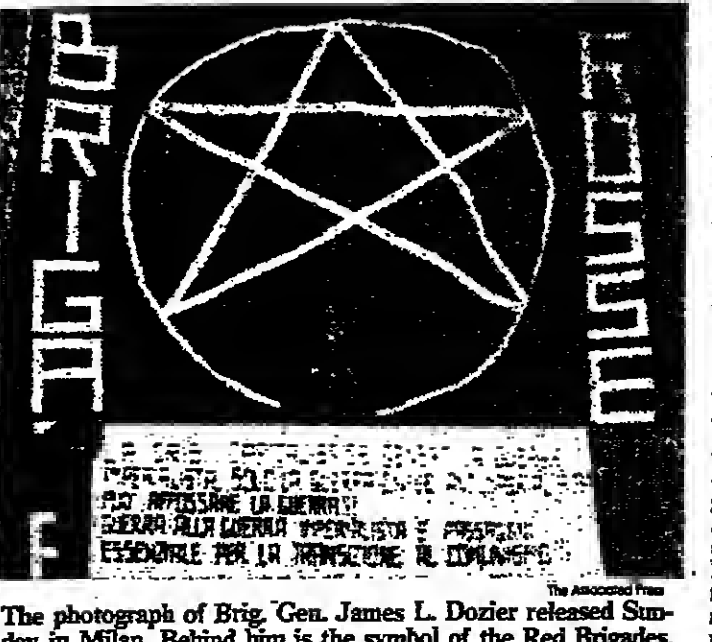
The Red Brigades, who were responsible for the 1978 abduction and murder of former Premier Aldo Moro in 1978, have said they were holding the general, the highest-ranking U.S. officer at the Verona base, in a "people's prison."

The police said the latest communiqué contained no demands or conditions for his release.

The document on the urban guerrillas' strategic aims bore a cover drawing of tanks, soldiers and a mushroom cloud on a map of Italy and Europe. Also on the cover were a band of urban guerrillas, presumably depicted in opposition to the military display.

The communiqué attacked "American imperialism," and hailed the "birth of a movement against imperialism war and against the installation of missiles" in Europe.

The document did not mention Gen. Dozier.



The photograph of Brig. Gen. James L. Dozier released Sunday in Milan. Behind him is the symbol of the Red Brigades.

INSIDE

Afghan Deadlock

On the second anniversary of the Soviet intervention in Afghanistan, the U.S. State Department says that both government forces and insurgents are deadlocked. Page 5.

Change in Golan

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Inflation Impact

Changes in world trade patterns may soften the global impact of the U.S. recession, some analysts say. Page 7.

Israel Moving Quickly to Transform Rule in Golan Heights

By William Claiborne
Washington Post Service

JERUSALEM — The practical and legal transformation of the Golan Heights from an occupied territory to an effective part of the state of Israel is beginning to take shape, although hesitantly and not without confusion.

The Interior Ministry, which under the annexation law passed by parliament Dec. 14 is responsible for implementing the change, was as surprised as anybody else by Prime Minister Menachem Begin's decision to push the law through parliament.

But amid the cacophony of international condemnation of the annexation and the repercussions of U.S. sanctions, Israeli officials are beginning to carry out the transition of the Golan Heights from military to civilian rule just as it was a part of Israel proper.

The Interior Ministry has appointed its northern district representative, Israel Koenig, to head an interministerial committee to phase out the military government that has administered the Golan Heights since the Israeli Army captured it from Syria in 1967 and to replace it with the same form of government that exists across the pre-1967 border.

Courts Set Up

Mr. Koenig has been put in charge of establishing regional governing councils in the Golan Heights. He will supervise tax rates and local budgets and direct such services as education, health, welfare, sanitation, water, road maintenance, parks and fire protection,

officials said. Similar councils control such services throughout Israel.

On the legal side, Justice Minister Moshe Nissim has signed orders establishing two Israeli magistrate courts in the Golan, one in the Arab village of Masada and another in the Jewish development town of Katzrin. Mr. Nissim also signed regulations extending the jurisdiction of the Nazareth district courts to the Golan Heights so that it could hear appeals from the magistrates' courts and handle cases involving more serious violations of Israeli law.

Army patrols have been replaced by Israeli police and members of the border police; Israeli traffic regulations are being enforced; Israeli driver's licenses issued, and Israeli housing codes are going into effect.

The annexation bill in its legal terminology applies Israeli "law, jurisdiction and administration" to the Golan Heights, which for the last 14 years has been governed by an Israeli military government under a blend of military law, emergency defense regulations from the time of the British Mandate, and some provisions of basic Israeli law that were applied to the occupied territory by order of the military governor in 1967.

Unlike the occupied West Bank, where Jordanian law was carried over after Israel captured the territory from Jordan in 1967, the Golan Heights did not retain Syrian law because most of its residents fled the area after the Syrian Army's retreat. There currently are about 12,500 Druzes, members of a breakaway

Islamic sect with secret tents; about 800 Alawite Moslems, and 6,500 Jewish settlers.

"There was a legal vacuum after the 1967 war — no judges, no advocates, no Syrian law books and nothing that could be used as law to enable us to maintain order and a smooth functioning of society," said Elyakim Rubenstein, legal adviser to the Foreign Ministry. "It was not practical to apply Syrian law in the Golan. Who would apply it, the military governor?"

Mr. Koenig will also head an Interior Ministry committee that will deal with population registration in the Golan and the distribution of Israeli identity cards to all residents, including Arabs.

The Israeli government has not spelled out its position on whether the Arabs can retain their Syrian citizenship, although officials emphasized that they were not being forced to accept Israeli citizenship by accepting the identity cards.

Mr. Rubenstein said he assumed that Golan Arabs could retain their "Syrian nationality" the same way many of the approximately 100,000 Arabs of East Jerusalem, which was annexed in 1967, have retained their Jordanian citizenship even though they have been issued identity cards by the Israeli government. He said, however, that the question had not been fully resolved.

Uncertainty also remains over the question of formal annexation. Mr. Begin and other officials have repeatedly said the Golan Heights were part of Eretz Israel (the Land of Israel), but they have carefully

avoided saying it had been annexed or was part of the state of Israel.

No Comment on Security Pact

WASHINGTON (NYT) — The State Department has declined to comment on an interview in which Defense Minister Ariel Sharon of Israel said the security accord with the United States still formally existed.

Privately, however, officials said Saturday that the U.S. position was that the cooperation agreement had not been canceled. The officials said that U.S. participation in talks to carry it out had been suspended because of Israel's refusal to consult with the United States before annexing the Golan Heights.

Prime Minister Begin said on Dec. 20 that he regarded the U.S. action as tantamount to cancellation. The Reagan administration said it stood by its view that it still wanted the agreement but that it was up to Israel to repair damage to overall relations.

In the interview published Friday in the Israeli newspaper Yediot Achronot, Mr. Sharon asserted that the Americans planned to force Israel to return all land conquered in 1967, including the Golan Heights.

The U.S. officials denied this and said that American policy toward Israel's occupied territories, including the Golan Heights, had not changed. The policy is that the future of the territories should be determined by negotiations between Israel and the Arab countries.

Cairo Trial May Herald Anti-Corruption Drive

CAIRO — The trial of an Egyptian millionaire and former member of parliament is seen by many here as an opening shot in an anti-corruption campaign by the government of President Hosni Mubarak.

Rashad Osman, a millionaire who was once a porter on the Alexandria docks, is charged with drug smuggling, tax evasion, misuse of state lands and corrupt business practices. Mr. Osman, who was also a member of the governing National Democratic Party in the People's Assembly, had his parliamentary immunity lifted in September and was arraigned before President Anwar Sadat was assassinated on Oct. 6.

But what began as a low-key court case under Sadat has developed into a major public debate under Mr. Mubarak, with several high officials and the brother of the late president reportedly linked to the affair.

The most extensive coverage of the trial has come from the governing party's weekly newspaper, Mayo, whose editor in chief is Ibrahim Saada. Mr. Saada, who was a confidant of Sadat and is also editor of the mass-circulation weekly Al-Akhar al-Yom, has published a complete transcript of the trial proceedings in Mayo.

In his weekly column in Al-Akhar al-Yom on Dec. 12, Mr. Saada called for two officials who are implicated in the case to step down until they are cleared in an investigation. The two are Maim Abu Taleb, a former governor of Alexandria and now a bank chairman, and Haimi Abdel Akher, minister of state for assembly affairs.

Under public pressure, Mr. Akher has taken a leave of absence and Mr. Taleb has written to Mayo to clarify his involvement with Mr. Osman. Esam Sedat, the late president's brother, who was also linked to Mr. Osman, has also written to Mayo denying he met or dealt with the defendant.

Mr. Osman's reported abuse of his parliamentary privileges and the number of prominent figures mentioned in the trial — including Osman Ahmed Osman, a builder who was related to Sadat by marriage — have led to further calls for investigations and for public accountability of assembly members. Mr. Mubarak last week asked two parliamentary leaders to ensure that political activity was based on "principles of purity and integrity."

Prisoners Released

CAIRO (UPI) — Egypt has announced the release of the leader of the outlawed Moslem Brotherhood and 38 other religious and political figures jailed in a sweeping crackdown last September by Sadat.

The prisoners were freed "on humanitarian grounds, including



Hosni Mubarak

old age, health condition and other factors," an aide to Egypt's prosecutor-general said Saturday. Besides the chief of the banned Moslem Brotherhood, Omar Tadmuni, the government freed several Moslem fundamentalists, numerous political figures and 11 Coptic Christians, the aide said.

However, the government did not free eight Coptic bishops and 22 parish priests who were among 1,600 people jailed last September.

3 Die From Spanish Oil

MADRID — Three persons died over the Christmas holiday after consuming toxic cooking oil, bringing the death toll in the eight-month-old scandal to 229, the Spanish Health Ministry said Saturday.

Pravda Says U.S. Wanted to Incite Move on Poland, Discard Détente

MOSCOW — Two days after accusing the United States of trying to wrench Poland from the Soviet bloc, Pravda charged Sunday that Washington wanted to provoke Soviet intervention in Poland as a pretext for breaking off arms-control talks.

"Imperialist circles in the United States and other NATO countries are perpetrating because events in Poland did not develop according to their prepared scenario, which would inevitably involve 'Soviet interference,'" Sunday's article said. "They dreamed that one day this would give them the chance to heighten international tensions, discard everything connected with détente and abandon any talks on the limitation and reduction of armaments."

Death Toll Under

The commentary made no specific reference to the Soviet-U.S. talks on limiting medium-range nuclear weapons, which began in Geneva on Nov. 30. The U.S. government has repeatedly stated that any Soviet military intervention in Poland would seriously endanger international efforts to limit arms.

Tass, in a report on Saturday, accused the United States of "crudely interfering" in Polish affairs, and said the turmoil in Poland had not been sustained by Western money, equipment and propaganda.

Valentin Falin, first deputy of

the International Information Department of the Central Committee, asserted in a television talk show that the Soviet Union's only involvement in Poland was to provide food and desperately needed raw materials.

"The situation in Poland would have clarified and returned to normal in a matter of weeks had it not been for the most crude interference over air waves, had it not been for the interference in the form of instructions, money and equipment which were sent to Poland," Mr. Falin said.

He said that fewer than 10 persons had died in Poland since martial law was imposed on Dec. 13, a figure in keeping with official Polish disclosures that seven have been killed. Reports reaching the West have put the number of dead as high as 200.

Mr. Falin's comments echoed the Tass report, which accused Alexander M. Haig Jr., the U.S. secretary of state, for what was termed Washington's "especially inhuman" decision to suspend food shipments and other trade with Poland.

"He frankly said that the U.S.A. has enough levers to increase pressure to bear on Poland so that it refrains from, as he put it, any radical actions against extremists from Solidarity," Tass said.

Since Mr. Reagan announced sanctions last Wednesday, the Soviet news media have struck out angrily at U.S. efforts to construct

what they have termed an "economic blockade" around Poland.

But the emphasis of the reports has suggested that Moscow's chief anxiety was not the U.S. action but the possibility that the Reagan administration might draw West European nations into matching the restraints.

Tass also said that the Polish radio and television had given "numerous facts" to support the view that the situation was returning to normal.

The examples it cited were the end of two confrontations between workers and Polish troops in Silesia that previously had been reported with apparent alarm in the Soviet press.

One was the occupation by workers of the steel mill in Katowice, where Tass said "tranquility has set in." It did not mention that the strike there was smashed last Wednesday by Polish troops.

The second example was the end of a similar occupation of the neighboring Ziemowit coal mine, where, Tass said, "workers who had been forcibly held underground" had come to the surface on Christmas Eve.

Volcano in Zaïre Erupts

BRUSSELS — The 11,400-foot (3,470-meter) High Nyiragongo volcano in eastern Zaïre erupted Saturday, the Zaïre news agency reported here.

WORLD NEWS BRIEFS

Japan Bill Restores Military Funds

TOKYO — The Japanese government put finishing touches Saturday to a controversial budget bill, restoring military funds and allowing an increase in military outlays nearly four times that for social welfare.

Premier Zenko Suzuki's government, under pressure from U.S. critics to increase military spending, gave the Defense Agency what it had requested, thereby overruling the Finance Ministry and its proposed cut.

The budget sets aside \$11.75 billion for military appropriations, the sources said. That represents an increase of 7.7 percent over the current fiscal year. In contrast, the government allowed a 2-percent increase for social welfare spending and a 1.2-percent rise for education and science promotion funds.

Thatcher Fears Winter Joblessness

LONDON — Prime Minister Margaret Thatcher was quoted Sunday as saying that recent declines in Britain's unemployment rate are heartening but that she worries about the ranks of the jobless as winter progresses.

In an interview with the Sunday Express newspaper, Mrs. Thatcher said: "You can imagine that I look out of this window and see this weather and say not only, 'My goodness, it's cold,' I say, 'My goodness, what is it going to do to the unemployment figures?' — because in the last two years, the unemployment figures have risen from December to January considerably. My expectation, I am afraid, is that they will again."

Britain's unemployment rate, which in September reached 12.4 percent, the highest since the 1930s, fell in December for the third straight month. Mrs. Thatcher told the Sunday Express, "I think most of the signs show now that we passed the worst of the recession about three months ago."

Sinai Settlers Reported Set for Clash

TEL AVIV — Israeli settlers in the Sinai town of Yamit, determined not to let the area revert to Egypt, rejected a government offer for negotiations and reportedly fortified their town Sunday for a possible clash with Israeli troops.

The Israeli government called on settlers in the northern Sinai town "to come to practical negotiations ... in order to arrange the compensation they deserve" for homes they would give up when the area is turned over to Egypt on April 26 under the terms of the 1979 peace treaty.

Sources in Yamit said the settlers had welded shut two of the town's three gates, dug trenches around its perimeter, piled up sandbags and barbed wire and equipped themselves with helmets, shields and clubs.

Storm Kills at Least 7 in Philippines

MANILA — A typhoon in the central Philippines killed seven persons, destroyed more than 5,000 homes and left about 26,000 people homeless, preliminary official reports said Sunday.

The reports from relief and rescue agencies showed the worst hit area was the coastal town of Calapan on Mindoro Island just south of Manila, where two persons were killed and 5,000 houses were damaged or destroyed.

2 Dead, 5 Feared Trapped In Pisa Gas Cylinder Blast

PISA — A ceiling in an old building in central Pisa collapsed after a gas explosion early Sunday afternoon, killing at least two persons and injuring 19, police said. As many as five persons were feared to be buried under the rubble.

Police said the building, about a kilometer south of the Leaning Tower, contained seven apartments on the top three floors and a restaurant and bakery on the ground floor.

The restaurant owner, who was rescued from the rubble with only superficial injuries, told police that 10 to 15 persons were having lunch in the restaurant when the building collapsed.

"We must fear for the lives of some of those people," a fire department spokesman said. "It looks like being a long job and we have rigged up floodlights so that we can work all night if necessary."

Local firefighters immediately began searching through the debris and reinforcements were summoned from nearby towns. Massimo Bonicci, the chief of the Pisa fire department, said it would take a long time to finish clearing away the rubble because the firefighters were taking extra care to keep the building from collapsing further.

"I was coming down the stairs when I saw flames and felt a violent explosion," said Piero Falciari, who lived in the building. "The whole building just sank. I think I cleared tons of bricks to get out."

It was not immediately clear where in the building the explosion occurred. The bakery was closed at the time, police said. Firefighters said preliminary investigation indicated that the explosion, which damaged all four floors of the building, was caused by a leaking gas cylinder.

Police said four families lived in apartments in the upper floors of the building and eight university students shared a large apartment on the top floor. None of the students was in at the time, and other people living over the restaurant had only minor injuries.

On Saturday, an explosion in the laundry room of a hospital at Mondovì, 50 miles (80 kilometers) south of Turin, killed two persons and injured four. Police said it probably was caused by a bursting steam boiler.



ED REINGOLD TOKYO

"Few yet realize the importance of the Pacific region, with Japan as the anchor of the Northeast, the major economic engine in the area."

Ed Reingold asked for this, his second tour of duty as Tokyo bureau chief, because he wanted to follow and report on a long-range but intensely exciting story: the development of the Pacific Basin community of nations. Before and between his Far East stints, Reingold has piled up plenty of experience in the political and economic arena — reporting on everything from the Kennedy, Nixon and Carter campaigns to the auto industry crisis in Detroit. While covering the Caribbean out of the Miami bureau, he reported on the upheaval in Panama, revolution in the Dominican Republic, and developments in Castro's Cuba. As Nairobi bureau chief Reingold witnessed and wrote about the ferment throughout Africa. He is typical of TIME correspondents everywhere who are alert to news in all its forms, whether a sudden coup or a slowly emerging community of interests. So TIME readers get it fresh...and often first.

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Haig Sees Higher Intervention Risk

(Continued from Page 1)

Jaruzelski is a Soviet surrogate and the Russians are dictating the action, there would seem to be little chance for outside leverage on the Polish crackdown, Mr. Haig agreed. But he added, "There's much evidence to challenge that theory in its extreme."

"For 18 months," he noted, "for whatever reason, both the Polish government and party, which has now been supplanted by a military junta, felt constrained not to face a showdown."

Secondly, the Russians, despite what he described as "major steps to intimidate, coerce [and threaten]" the Poles, did not intervene with force.

The restraints have not disappeared, even though "an internal repression replete with ambiguity" was launched, Mr. Haig said.

Whatever theory of motivation one accepts, Mr. Haig said, the U.S. responsibility, and that of its allies, is to "optimize the leverage" for reconciliation, compromise and compliance with the Helsinki accords.

The current and future significance of the Polish events for the Western alliance and East-West relations is of historic proportions, according to Mr. Haig. In his view, these events "have a fundamental effect on the broadest issues surrounding East-West relations and future international dynamics."

Mr. Haig spoke of unity at this point as a major priority, especially in the context of what he described as a long-term effort by the Russians to split the Western alliance, particularly to split off West Germany.

He described the recent strains on the alliance, including a seemingly sudden turn against détente by the Reagan administration. At the same time, he seemed relatively confident that the differences can be managed within the basic policy direction on Poland set by Mr. Reagan in his speech Wednesday night.

He acknowledged that attempts to work out a NATO system of sanctions would cause difficulties for countries such as West Germany, which has extensive trade and financial ties with the Communist

bloc, and that it might be unrealistic to expect all to respond in exactly the same way.

Regarding the Polish debts to the West, Mr. Haig said the administration is not trying to influence the actions of private U.S. banks that hold \$1.3 billion of Poland's \$16 billion in debts to foreign private institutions.

The banks, he said, "have incurred their obligations on their own calculation ... and we have great confidence that their assessment of the uncertainties with sound business criteria is an adequate restraint. That does not mean that events could not alter that." He added that while they cannot be overlooked, "it is important that we do not permit such a significant political event to be skewed by excess concern for financial implications."

Mr. Haig refused to comment on reports that alleged Libyan assassination squads have suspended their attempts to infiltrate the United States, but he added that "if such reports are true, it underlines the validity of the steps taken by the president."

To Hungary, Its Success Is a Model for the East

Experiments in Agriculture, Industry and Trade Commended by Russia

By R.W. Apple Jr.
New York Times Service

BUDAPEST — Can Hungary, with only 11 million people, provide a model for the larger, less-prosperous members of the Warsaw Pact, such as Poland and the Soviet Union?

Many Hungarians think so, but they put the matter in the most delicate possible way. Jozsef Bogner, a distinguished economist and former Cabinet minister, said the other day that nations whose own economies were not working would have to draw their own conclusions, because "little countries living in the shadow of great powers shouldn't make suggestions."

"Britain," he said, "is a more sophisticated country than the United States, at least as far as foreign policy is concerned, but it tries to let the United States take the lead, or to give the impression that it's doing it for us, it is even harder. Existing as an island of relative content in a sea of misery is never the easiest of situations."

And that is how the Hungarians tend to view their position as they look out across a disheveled Eastern Europe, dominated by the chaos in Poland.

Nonconformist Ally

In many ways, Hungary hardly seems a Communist nation. It is a country where people say what they think, where the real news of the day is broadcast on television, where Western oil companies com-

pete for the motorist's business, where there is plenty to eat, where political discontent is slight and where a casino has been opened in a Budapest hotel.

But the reality of Soviet power, and the prospect that it might yet be used in Poland, is never far from policy-makers' minds. Such a development would put an end to the benefits that Hungary has derived from détente and, possibly, lead to demands from Moscow for greater ideological conformity.

Popular Leader

It was therefore with great relief that government officials and others here read a back-page editorial in Pravda, the Soviet Communist Party newspaper, on Dec. 7 that commended in great detail the successful Hungarian experiments in the fields of agriculture, industrial development and trade. It was by far the most explicit Soviet endorsement to date of the quietly but decidedly revolutionary policies of Hungary's leader, Janos Kadar.

According to well-informed sources, the Soviet premier, Nikoli A. Tikhonov, said many of the same things in a visit to Budapest just before the crackdown in Poland.

Even that, however, is unlikely to stampede the Hungarians into trumpeting their own virtues too loudly. Most of them would agree with the rather sour, and perhaps envious, comment of an East European envoy stationed here, who said recently that "when a father praises one of his children to an excessive degree, the others get angry."

For Mr. Kadar this must have been, apart from worries over the Polish situation, a satisfying year. Twenty-five years ago, he came to power by courtesy of Soviet tanks. His chances of rebuilding the country, let alone winning political acceptance, seemed slim. That is precisely what he has done, in a way that it has been done in none of the other Warsaw Pact countries.

"Kadar," said an admiring West European diplomat, "has re-established political legitimacy. He has regained what the Chinese used to call the Mandate of Heaven — the sense on the part of the people that it is somehow right that he should hold power."

Perhaps because the Hungarian Communist Party had actually been driven from power, something that has not happened elsewhere, Mr. Kadar was faced with the need to respond to public demands. He did so, building a new economic system, flexible and full of incentives, with the help of 11 commissions of economists and other advisers.

The chances of the Hungarian people helped. Unlike the Poles, Hungarians are not romantic most of the time, although they succumb to the occasional doomed outburst of political passion, as in 1948 and 1956. For the most part, they are pragmatists quite accustomed to life as a small nation squeezed between great powers — the Austrians and the Ottoman Turks, the Soviet Union and the West — and quite adept at bettering their lot through hard work and guile.

Proud and Ambitious

Their energy is noticeable to the foreigner on many levels, whether in the industry of the peasantry, which produced enough ducks and salamis and tomatoes not only to meet domestic needs but also to leave a large surplus for export, or the good-humored bustle with which an attendant fetches coats from the racks after a performance at the Erkel Theater, or the long hours and the obvious intelligence that are taken for granted here in senior government offices.

Hungarians are also tremendously proud — of the unusualness of their language, of their national heroes such as Kossuth, of their products such as the big, sleek Laurus buses that ply the streets here and in dozens of other European capitals.

The result is that Mr. Kadar, who will be 70 in May, has few critics, and most of those stand to his left. He refuses to think or talk about what will take over when he dies or what might happen when many thoughtful Hungarians, because much remains to be done before the country's problems are fully solved.



STROLLING SCHMIDTS — West German Chancellor Helmut Schmidt and his wife, Hannelore, are vacationing until Jan. 4 on Sanibel Island off southwest Florida. They plan an unofficial visit to Washington at the end of the trip.

Rocket Firm Reports It Halted Tests in Libya

By Judith Miller
New York Times Service

WASHINGTON — A West German company that has been developing rockets with a potential military application has halted its testing work in Libya, company officials say.

Frank Wukasz, president of OTRAG — an acronym for Orbital Transport- und Raketen-Aktiengesellschaft — said that the company began withdrawing personnel and abandoning its rocket-launching base at Jarmah, 430 miles (693 kilometers) south of Tripoli in the Libyan Sahara, about two months ago.

"All of our people have left; we no longer have any business in Libya," Mr. Wukasz said in an interview.

OTRAG's activities in Libya and its previous rocket-testing program in Zaïre sparked protests from the United States and Western European governments. U.S. intelligence reports suggested last fall that the company was using its ostensibly peaceful rocket program to mask efforts to sell military technology, including short-range military rockets, to Libya, Pakistan, Iraq, and other countries.

Mr. Wukasz and other company representatives have denied the reports. They say that OTRAG has been attempting to develop cheap rockets that could launch satellites and other payloads into orbit for peaceful purposes.

OTRAG's departure from Libya followed an internal company battle, according to sources close to the organization. The struggle, sources said, resulted in the dismissal of Lutz T. Kayser, an aerospace engineer who founded the company in the mid-1970s.

Mr. Wukasz said he did not know where Mr. Kayser was or what he was doing, but company and intelligence officials said he was still in Libya helping in missile development.

Company Restructuring

Mr. Wukasz said the company was being restructured so that it could concentrate on the development of sounding rockets for high-altitude scientific research. He said OTRAG had obtained preliminary research agreements with two West

German universities, which he declined to identify.

Sources close to the company said that OTRAG's restructuring was set off by pressure from members of the board of directors who were displeased by the controversy around the Libyan venture.

Mr. Wukasz said OTRAG had decided not to develop its own rocket launching installations but, rather, to use existing launch sites operated by other countries and international groups.

"This will help eliminate the political problems of OTRAG-owned sites," he remarked. "In Libya, and in Zaïre before that, other countries accused us of developing military technology. We denied these charges, but problems persisted."

Zaïre Departure Forced

In April, 1979, OTRAG was forced to leave its test area in Zaïre — over which it had exercised virtually complete control — following diplomatic protests from France and the Soviet Union. After being denied a testing site in Brazil, the company moved to Libya two years ago.

Suspicion about the company's rocket project had been heightened because Libyan military officials, including those connected with Libya's atomic energy program, were in charge of much of OTRAG's operations, according to the intelligence reports. A significant part of the budget of the Libyan Ministry of Atomic Energy was said to be devoted to OTRAG-related activities, intelligence officials said.

OTRAG said that two of its four publicized tests had been successful, but many scientists remain skeptical about the results as well as the feasibility and viability of the rocket project.

Efforts by OTRAG and other private concerns to develop rockets have been matters of concern to the United States. Officials contend that such vehicles could be used as ballistic missiles to deliver chemical or nuclear warheads.

An interagency group formed last fall has been examining the spread of missiles and related space technology and attempting to determine whether additional restrictions on export controls are required.

Iran Seeking Pact Change, Ex-Aide Says

U.S. Reportedly Asked To Ease Rule on Cash

Reuters

VIENNA — Iran cannot meet one of the terms of the agreement that freed 52 American hostages last January and has begun secret talks with U.S. officials on modifying the requirement, according to the former governor of the Iranian central bank.

Quoting Iranian officials involved in the talks, Ali Reza Nobari said in an interview that Iran did not have the cash to maintain a \$1-billion account at the Bank of England that it agreed to establish for payment of U.S. claims against Iran.

The former governor, who fled Iran in September, refused to say where the talks were being held but did say that Iran wanted to postpone some immediate payment obligations.

He speculated that the United States may agree to such a delay if it could ensure that all claims — mostly for compensation for nationalization or breach of contract by the revolutionary government that deposed the shah in 1979 — were eventually paid.

As part of the agreement releasing the hostages and unfreezing Iranian assets held by the United States, Tehran agreed to open the billion-dollar account and to bring it back up to that level whenever settlements reduced it to \$500 million.

Overall U.S. claims are estimated to total between \$3 billion and \$4 billion, which is more than the Tehran government can pay now, Mr. Nobari quoted his sources as saying.

Time Running Short

Mr. Nobari, an ally of former President Abolhasan Bani-Sadr, said that time is running short because claims that settled out of court will go to an international arbitration board due to open hearings in The Hague in mid-January.

Iranian sources here said that representatives of only about 100 of the approximately 2,500 U.S. firms with claims against Iran have come to Vienna to discuss possible out-of-court settlements with an Iranian negotiating team.

Just 10 or 15 settlements have been reached so far, according to U.S. sources.

Mr. Nobari, who has lived mainly in France since leaving Iran, quoted officials as saying the central bank's reserves stand at only about \$650 million despite a statement by his successor that they were at a "reliable level."

The decline in reserves, a reduction in oil income and Iran's problem in finding other funds were leading to a serious cash squeeze, Mr. Nobari said.

The former governor of the central bank, the Bank Markazi, said he had learned that both Algeria and Libya had rejected recent Iranian requests for loans.

Mr. Nobari, who was still in office when the hostage agreement was worked out, accused the United States of dragging its feet in returning Iranian assets and repaying Iranian claims.

William P. Gwinn, 74, Former Head Of the United Aircraft Corp., Is Dead

Washington Post Service

WASHINGTON — William P. Gwinn, 74, who rose from stock clerk to chief executive of the United Aircraft Corp., now United Technologies Corp., of Hartford, Conn., died of cancer Friday in Palm Beach, Fla.

Mr. Gwinn headed the corporation's largest unit, Pratt & Whitney Aircraft, for 14 years, directing the firm's huge World War II engine production and its postwar transition from piston to jet propulsion.

Pratt & Whitney, which shipped more than 363,000 aircraft engines during the war, now is the world's largest producer of jet engines for commercial and military aircraft.

Mr. Gwinn was elected president and chief administrative officer of United Aircraft in 1956 and became the corporation's chief executive in 1968. He retired in 1972.

Suat Hayri Ugrulup
ISTANBUL (Reuters) — Former Turkish Prime Minister Suat Hayri Ugrulup, 78, died Saturday, Turkish state television reported.

Mr. Ugrulup was premier for seven months in 1965, heading a coalition government. He was also minister of monopolies and held several key diplomatic posts in the 1950s, including appointments as ambassador to the United States and Britain.

Several universities and the U.S. Geological Survey have scattered mechanical earthquake detectors all over the state — seismometers, strainmeters, radon meters, tiltmeters, magnetometers and creep meters.

Some scientists think the measurements of underground radon gas, on a recent upswing, may signal approaching quakes. But none of the sensors has yielded consistent clues. With so few large quakes, they can only be put to a test sporadically.

Earthquake scientists have already proved the value of seismometers, which measure vibrations in the earth, by their accurate prediction of eruptions at Mount St. Helens. Volcanoes, however, are far easier to predict because, unlike earthquakes, their precise location is usually known in advance and seismometers can be placed in the best positions.

Ned North, 64, and Robert Parsons, 45, have ignored the drawbacks and formed their own company, Earthquake Sentry. They say they can predict quakes over a magnitude of 5 on the Richter scale anywhere in Southern California within 24 hours. However, there has been no quake of that magnitude on land in the area in the two years they have been forecasting.

The fascination with earthquakes among researchers has led to extend to their family and social lives. "I would prefer to talk

Atlanta Looks the Other Way as Murder Trial Approaches

By Wendell Rawls Jr.
New York Times Service

ATLANTA — The crimes were on virtually every lip for nearly two years, but the trial that begins Monday for the man accused of slaying two of 28 murdered young people in Atlanta seems to be something this city of ghettos and gentility would rather not think about.

Wayne B. Williams, 23, a self-styled music promoter and electronics gadabout, is charged with first-degree murder in the last two of the 28 killings, which occurred from 1979 to 1981 and terrorized parents and children in the predominantly black sections of the city. All the victims, who ranged in age from 7 to 27, were black, as is Mr. Williams.

On the eve of the trial, the pervasive thought in the community was expressed by Jan Douglas, executive director of the Community Relations Commission. "What is on everyone's mind is that when Wayne Williams was arrested, the killings stopped," she said in an interview last week. "Everyone was enormously re-

lieved that the killings stopped, but now folks are kind of like an ostrich. Nobody even talks about the trial. It's almost like this experience over the past two years has been too much for people to deal with. The whole situation was so horrendous, people don't want to deal with it."

Curfew Still in Force

There seems little question that tensions have abated and activities in the city have returned to normal. However, a 7 p.m. to 6 a.m. curfew remains in effect for youths under the age of 16, and youngsters continue to practice many of the precautions they learned in the days of dreading "the Snatcher," as they came to call the mysterious source of disappearances and deaths among their playmates and acquaintances.

"We find youngsters continuing to travel in groups of three and four or more," said Lee P. Brown, the public safety commissioner, "and they rarely violate the curfew. Parents seem to have maintained their habits of monitoring their children's whereabouts and other things we stressed and tried



Wayne B. Williams after his arrest last June in Atlanta.

to educate the people to do when the problem was recognized."

The commissioner declined to discuss any aspect of the murder investigation or other topics covered by a Superior Court judge's order prohibiting the disclosure of

such details. However, a law enforcement official familiar with Atlanta police activities, who requested anonymity, said that the special task force formed to investigate the murders had dwindled to about 45 from 110 since Mr. Williams was arrested in June.

The official also said that the city had not had any unsolved cases of missing and murdered juveniles since Mr. Williams was arrested.

Surroundings Interviews

As for Mr. Williams, the public was hearing reports about a barrage of motions filed in court by his attorneys, and of tape-recorded, behind-bars interviews arranged surreptitiously by his attorney, Mary Williams, for US magazine in violation of the judge's ban on the disclosure of details about the case.

Jury selection for the trial is set to begin Monday, and Judge Clarence Cooper of Fulton County Superior Court has predicted that it will take almost two weeks to choose a jury.

Testimony and introduction of evidence could take another six

weeks, he said, with experts from both sides involved in technical and scientific arguments about the validity of microscopic examinations of fibers and dog hairs found on the bodies of the victims and taken from a bedspread and carpet in Mr. Williams' room in his parents' home in West Atlanta.

Prosecutors and law enforcement officials privately have expressed fears that complicated, highly technical testimony from analysts could bewilder jurors. Lewis Sloman, the district attorney, who will try the case personally, delayed approval of the arrest of Mr. Williams for several days while investigators tried to develop stronger physical evidence against him.


The defense attorneys repeatedly have expressed reservations about their ability to get a fair trial in Atlanta or elsewhere because of the extensive local, national and international news coverage of the murders and Mr. Williams' arrest. But Mr. Williams' attorneys have not asked for a change of venue, and the judge has said that the jury will be sequestered for the length of the proceeding.

French Detain 9 Chinese In Drug Smuggling Case

Reuters

PARIS — French detectives have arrested nine Chinese believed to be operating a major heroin-smuggling network between Hong Kong and Europe, police said Sunday.

The nine were detained in Paris early Friday as they were delivering 10 kilograms (22 pounds) of pure white heroin, authorities said. The nine are Hong Kong Chinese resident in France, police said.



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California Chase: Predicting Next Big Quake

Scientists, Psychics and Laymen Work Against a Geological Clock

By Jay Mathews
Washington Post Service

LOS ANGELES — Carl Johnson, 35, a geophysicist, wakes at 4 a.m. at least once a week to worry about earthquakes.

Sometimes he just gives up on sleep and goes off to his office at the California Institute of Technology.

"He's thinking there may be something he can do to predict the first big earthquake," said his wife, Nancy.

Chuck Koesterer, 32, an electronics technician, has found his life moving with the erratic rhythms of the Pacific plate, the huge piece of the earth's crust sliding ponderously up the coast of his native California. His job is to get government sensors to the spot of a major quake in the mountains or deserts, so every large tremor sets off his electronic beeper.

"It always seems to happen in the middle of the night," said his wife, Sheryl.

Mr. Johnson and Mr. Koesterer, with hundreds of other geologists, mathematicians, technicians, graduate students and psychics along the coast, are engaged in a scientific race. They are trying to find a way to predict earthquakes before the next big one devastates a major city in California.

The thrill of the chase, which intrigues nearly everyone living here, is enough to make many decline much better paying jobs in the oil industry.

The first successful earthquake

prediction in the United States, in the view of some scientists, occurred eight years ago in the Adirondack Mountains of New York. A team from Columbia's Lamont-Doherty Geological Observatory predicted a quake with fairly precise time and location after measuring wave velocities from a series of tiny foreshocks.

Unfortunately, the same technique later proved "an abysmal failure" in California, Mr. Johnson said.

Chinese scientists claim to have predicted large tremors and saved many lives, but such success has eluded American scientists. The last death from an earthquake in the United States occurred here 10 years ago, but the number of small quakes in Southern California has increased recently and there are enough other signs of unusual underground activity to put earthquake watchers under some pressure.

Computerized Data

Mr. Johnson, head of the U.S. Geological Survey field office at Cal Tech, is trying to computerize the earthquake data in a way that will provide new clues.

Earthquake scientists come from many fields, such as Cal Tech researcher Kate Hutton, an astronomer. And some are not scientists, but earthquake buffs who volunteer their services.

Robert Parsons, 45, a telephone company transmission technician, said he has invented a seismic device that emits a high-pitched tone

within 24 hours of a major quake. In the Northern California town of Carmel, Clarissa Bernhardt said she has visions of a photo, or a calendar with the date circled, and the word earthquake stamped across it, and has successfully foreseen earthquakes this way.

In recent years, scientific research on earthquake prediction has focused on history. Scientists have spent considerable time recording all quakes in recent history to see if there is a pattern that might yield clues.

Mr. Johnson and Mr. Hutton, looking at the pattern of recent quakes and the way they come sometimes in complex "swarms," reported to the American Geophysical Union in San Francisco recently that a system of faults near the Salton Sea thought to have been dormant has shown the potential for damaging quakes.

Cal Tech assistant professor Kerry Sieh has unearthed old fissures that indicate that the last great Southern California earthquake in 1857 was part of a series recurring every 123 to 225 years.

According to a U.S. government estimate based on Mr. Sieh's work, that quake has a better than 50-percent chance of recurring in the next 30 years and could kill more than 13,000 Southern Californians, leave 100,000 homeless and cause \$15 billion in damage.

The fascination with earthquakes among researchers has led to extend to their family and social lives. "I would prefer to talk

Our editors would like to hear from you

Interested in the arts and in leisure activities? Keeping up with the latest new restaurants? New movies and new plays? Do you turn quickly to Art Buchwald, Russell Baker and William Safire or is it the bridge column or the comics that get top priority?

Arts and leisure coverage is one area where the interests of our readers are diverse. We hope the questionnaire below will help us understand them better. Whether you regularly read our features or not, your response will be helpful—and greatly appreciated.

Questionnaires concerning other sections of the paper will appear in the coming months as part of our continuing review of how we can better serve our readers.

Thank you for your co-operation.

Please return the questionnaire to Barbara Lewis, International Herald Tribune, 181 Ave. Charles-de-Gaulle, 92521 Neuilly Cedex, France.

What are your regular sources of arts and leisure information? PLEASE CHECK AS MANY AS APPLY

International Herald Tribune ☐

Other daily newspaper(s) (please specify) _____

Weekly magazine(s) (please specify) _____

Monthly magazine(s) (please specify) _____

Radio/Television/Other (please specify) _____

Here is a selection of arts and leisure topics that are covered in the International Herald Tribune. Please indicate how often you read each article in the newspaper.

	Almost always	Sometimes	Never/Almost never
Fashion			
Theatre reviews			
Movie reviews			
Concerts/Opera/Dances			
Records & Tapes			
Food/Wine			
Restaurant reviews			
Photography			
Medicine/Health			
Architecture/Interior Decoration			
Back page feature article			
Int'l. deskbook of cultural events			
Personality profiles			
Travel & Tourism			
Fine arts & Auctions			
Museums/Galleries/Exhibitions			
Advice and personal services			
Shopping			
Books reviews			
Bridge			
Cheese			
Comics			
Crossword Puzzle			
Weather data			
People column			
Russell Baker			
Art Buchwald			
William Safire			
People column			

And which topics would you particularly like to read more about?

Is there anything you particularly like or dislike in the arts and culture coverage of the International Herald Tribune?

Once a week, the International Herald Tribune publishes a special section called WEEKEND. How often do you read this section of the paper?

Every week ☐ At least once a month ☐ Less often ☐ Never ☐

How would you rate its contents?

Excellent ☐ Good ☐ Average ☐ Fair ☐ Poor ☐

Which, if any, of the following topics covered in WEEKEND do you particularly enjoy or find useful?

Personality profiles ☐ International deskbook of cultural events ☐ Travel ☐ Food/Wine/Restaurant reviews ☐ Arts/Auctions/Fine Arts ☐

Other (please specify) _____

How often do you read the International Herald Tribune?

3 or 6 times a week ☐ 3 or 4 times a week ☐ 1 or 2 times a week ☐ Less than once a week ☐

Are you male ☐ female ☐

Of which country are you a citizen _____ in which country do you currently live _____

What is your age?

under 25 ☐ 26-45 ☐ 46-65 ☐ over 65 ☐

U.S. Barring of Paisley Criticized in England

By William Borders
New York Times Service

LONDON — A broad range of public opinion in England has united against the U.S. government's decision to bar a visit by the Rev. Ian Paisley, the Protestant leader in Northern Ireland.

As expected, Mr. Paisley reacted furiously to the cancellation of his visit last Monday, calling it part of a U.S.-British plot to force Northern Ireland into unification with the Republic of Ireland.

In the days since then, all three of London's major newspapers, although not defending Mr. Paisley's views, have questioned the wisdom of keeping him out of the United States, as have a number of other moderates.

"He is, after all, a member of the British Parliament," said a high-ranking government official in London. "I don't want to be as to say, but even so, I can't understand why the Americans would not let him in to say it."

In an editorial entitled "Paisley and the Home of Liberty," The Times of London said, "At the behest of Irish nationalists in the United States, the State Department has denied its citizens a useful little bit of education at first hand."

The Guardian said, "The American public is surely not so frail that it needs to be protected from his arguments" and the Daily Telegraph pointed out that the cancellation of Mr. Paisley's visa could help the cause of Protestant extremism by making him seem a martyr.

The State Department's decision was based on what it called the "divisive" nature of his recent public comments, presumably including a speech to a 4,000-man paramilitary volunteer force he assembled in a little town near Belfast one night last month.

"We shall fight with everything we have got," he said then. "As Ulster Protestants, we will never surrender. Many of us will have to lay down our lives to give our children the freedom they deserve."

But as even his enemies in Northern Ireland concede, Mr. Paisley, for all his bluster, has been careful not to break any laws. By contrast, Owen Carron, a militant republican member of Parliament whom the United States also barred this year, is outspoken and explicit about his support for the Irish Republican Army and its violent guerrilla war against the British.

In Northern Ireland, the decision to bar Mr. Paisley tends to make the Protestant community there feel all the more beleaguered and isolated.

Although many Protestants in the province condemn him, he has shown himself the biggest vote-getter in the last two electoral tests of strength.



Danielle Mitterrand with her husband, Francois, last May.

Danielle Mitterrand: An Enigmatic First Lady

By Susan Heller Anderson
New York Times Service

"I will not renounce my role of militant in the defense of national and international humanitarian organizations." — Danielle Mitterrand. "My wife is a bit more leftist than I." — President Francois Mitterrand.

PARIS — When Francois Mitterrand ran unsuccessfully for president in 1965 and 1974, his wife, Danielle, was presented as the dutiful housewife, surrounded by floppy-haired dogs and wide-eyed children.

Since Mr. Mitterrand was elected earlier this year, Mrs. Mitterrand has been viewed by close observers and the French press as an influential foreign policy pipeline to her husband. Each day, she works at Socialist Party headquarters as the director of Solidarite Salvador et Amerique Latine, a party organization that supports the guerrillas in El Salvador politically.

The question now puzzling Mitterrand watchers is: Which is the real Danielle? And just how influential is she?

"Danielle Mitterrand has been a political activist at her husband's side for 37 years," states her official biography issued by the French government.

Mrs. Mitterrand was reported to have been a major influence in convincing her husband to initiate a French-Mexican resolution last August to support the Salvadoran guerrillas, a move that severely strained relations between the

French Wonder How Much Influence She Exerts on President Politically

Reagan administration and the Mitterrand government.

"El Salvador has been her baby for many years," said a longtime Mitterrand supporter. The rightist daily Minute called her "Danielle, la Pasionaria de l'Elysee."

Although a U.S. diplomat said he found this impression exaggerated, he said Mrs. Mitterrand nevertheless shares the views of the most leftist members of her husband's inner circle.

Mrs. Mitterrand herself points to El Salvador as her pet cause. She sent this letter, which was made public, to Maureen Reagan after the shooting of President Reagan in March:

"I was very moved by your reaction that led you to denounce publicly this absurd violence, with all the indignation of a daughter trembling for the life of her father. But permit me to bring your attention to the numerous assassinations perpetrated by your neighbor, El Salvador, by men supported, equipped and armed by your nation."

Mrs. Mitterrand's politics were honed in the fervor of the French Resistance movement of World War II. She was born in 1924 in Verdun and raised in Burgundy. Her parents were educators and during the war their house was a refuge for Resistance members. Mrs. Mitterrand worked as a nurse in the Resistance and received the

Medal of the Resistance when she was 20, one of the youngest so honored. Another Resistance hero was Francois Mitterrand.

Mrs. Mitterrand's sister, Christine Gouze, now a film producer, was a friend of Francois Mitterrand. In February, 1944, he visited her Paris apartment and saw a photograph of her sister, Danielle, then 19. After asking who she was, Mr. Mitterrand declared, "I'm going to marry her."

They met under the pressure of war and occupation and, six months later, married in the exhilaration of freedom and liberation. "We didn't waste our time — it was precious," she recalls in Francois Mitterrand's authorized biography, "Francois Mitterrand." The couple have two sons, the older a journalist and the younger a politician. A third child died as an infant.

"A Remarkable Woman"

After 37 years of marriage Mrs. Mitterrand has hardly changed physically. But she has changed visibly in the image she seeks to convey, and in her willingness to share the spotlight with her husband. In 1965 she refused to give an interview without consulting him. "I don't do anything without his OK," she said. Now, she refuses interviews, except with a handful of favored writers, and frequently eschewed the campaign

trail to devote herself to the El Salvador cause. She has practically removed herself from the public eye since the election.

"She doesn't want to be La Presidente," reports Le Matin, referring to the French custom whereby presidential wives are entitled "Mrs. President." Thus far, she has avoided elaborate state receptions and most formal affairs. Unlike her predecessors, she does not frequent the haute couture, preferring a distinctly undine wardrobe.

A private, dignified woman, she is surrounded by fiercely loyal friends reluctant to discuss her. "She's a remarkable woman," says an intimate, "Intelligent, fervent, well-read, politically involved."

"When you live for 35 years near someone as committed as Francois, you can only follow the same path," Mrs. Mitterrand herself said in a rare newspaper interview after the election.

Yet the couple are believed to have lived essentially separate lives for some years. "Celebrates united by the act of marriage," Mr. Giesbert says in his authorized biography. Before the presidential campaign, Mrs. Mitterrand was rumored to be seeking a divorce; it is said that she returned on the eve of this year's contest.

"Francois Mitterrand's reluctance to lift the veil on his private life prevents the precise measurement of the political influence his wife may have exerted during 30 years," Mr. Giesbert concludes. "Without doubt, this influence is not negligible."

Irish Premier Sees Growing Prospects for Ulster Accord

By Leonard Downie Jr.
Washington Post Service

DUBLIN — High-risk initiatives recently launched by Britain and Ireland offer the best opportunity in years to achieve peaceful political progress in British-ruled Northern Ireland, in the view of Irish Premier Garret FitzGerald.

Just months after being at odds with each other over the hunger strike by convicted Irish nationalist terrorists in Northern Ireland's Maze prison, Britain and Ireland now "are both clearly on the same path" in their approach to the Ulster problem, Mr. FitzGerald said in an interview.

With the hunger strike and much of the rest of the prison protest now over, British Prime Minister Margaret Thatcher's government is launching a major initiative to establish limited home rule in Northern Ireland. Mr. FitzGerald, who took office six months ago, described it as the first "serious attempt of this kind in five or six years."

He endorsed the strategy of Mrs. Thatcher's Northern Ireland secretary, James Prior, who is seeking to persuade Ulster political

leaders to "reluctantly accept" an imposed British compromise between Protestant insistence on unfettered majority rule and demands by members of the Catholic minority for a disproportionate share of power in the province.

Despite a hardening of sectarian attitudes in Northern Ireland because of the hunger strike and a subsequent wave of Provisional Irish Republican Army terrorism, Mr. FitzGerald said, surveys there continue to indicate that "public opinion has never been as closed to the idea of finding some kind of compromise as the attitudes of some [Ulster political] leaders would suggest."

"Conditions are probably more favorable for that now than they have been in years," he said. "People have had a very long period of direct rule [by London], almost 10 years now, and they are looking for some way to regain control over their local affairs."

"Most politicians, and indeed even some of those who express themselves in a somewhat more intransigent way, might be willing to have imposed on them something they would never demand if asked

their opinions first," Mr. FitzGerald said, echoing Mr. Prior's own rationale for his strategy. "But obviously, whatever emerged would have to be very carefully judged so as to be reluctantly acceptable to both sides."

In Mr. FitzGerald's view, the political risk he said he is taking "for the sake of Northern Ireland" has attracted some support from Ulster Protestant Unionists who see the Irish and British initiatives as improving relations and economic cooperation between North and South rather than leading to eventual Irish unification.

He emphasized that both the Irish and British governments "share the strong conviction that no solution of the relationship between the North and South of Ireland can or should be imposed without the consent of a majority of the people in North," but he said this is still not understood by many Ulster Unionists wary of being forced into a united Ireland or by Americans and other outsiders with "a very simplistic perception that the problem could be resolved if the British just up and left."

Mr. FitzGerald has begun a campaign to reform Ireland's constitution by removing both its ban on divorce and its unconditional territorial claims to Northern Ireland. He has said he is aiming both to modernize Irish society by lessening the constitutional strength of Catholic sectarianism and to improve relations between the Irish Republic and Ulster's Protestant community.

"It is the one thing we can do ourselves after some decades of talking about what other people should do," he added. "In seeking change, either in British policy, the direction of which has been unhelpful at times, or in Northern Ireland, our position is greatly weakened if people can say, 'You aren't even prepared yourselves to make change.' At least we will have removed that obstacle."

Mr. FitzGerald — who acknowledged that he does not yet have majority support among voters — has been helped by the absence of strong opposition from Ireland's Roman Catholic Church. It was to win the church hierarchy's approval of Irish independence from Britain that the divorce ban and a

since-repealed guarantee of a "special position" for the church in Ireland were originally written into the constitution.

Cardinal Tomas O Fiaich, the Catholic primate of Ireland, said in a recent radio interview it appeared that divorce would be legalized within the next five or 10 years. Despite its disapproval of this trend in public opinion, he said, the church will not instruct Irish voters — about 90 percent of whom are Catholic — to oppose a referendum removing the divorce ban from the constitution.

Mr. FitzGerald said his campaign for constitutional change puts an extra burden on his minority coalition government at a time when it must take unpopular steps to deal with a serious financial crisis.

MANILA — Fourteen members of various opposition groups have formed a new party, the Social Democratic Party of the Philippines, to begin building a unified opposition to the rule of President Ferdinand E. Marcos.

Elections are tentatively planned in June for barangays, or citizens' assemblies, which are like town councils and are the smallest political units in the Philippines. If the new party can organize a grass-roots following quickly enough to make a respectable showing in the elections, it may be able to run candidates in the 1984 elections for the National Assembly.

Mr. Marcos, who won a six-year term in an uncontested election last June, will not run again until 1986.

Since the lifting of martial law last Jan. 17, there has been increased political activity, although the opposition groups have not shown any indication to unite. The Social Democratic Party, which describes itself as a grouping of several opposition assemblymen, still does not represent a coalition of the groups whose men represent.

Manobong A. Adaza, an opposition leader, denounced the new party as "nothing but a counterfeit opposition loyal to President Marcos." Mr. Marcos has welcomed the formation of the new party, whose leaders have said they want to form a "truly democratic system of government" while providing the country with "an alternative to a violent revolution."

3 Die in Seoul Explosion

SEOUL — Three persons were killed and about 90 were injured when a ceiling collapsed on diners in a basement restaurant after an explosion Saturday, police said. They said they believed the explosion was caused by cooking gas.



Garret FitzGerald speaking at a recent news conference.

Opposition Group Forms New Party in the Philippines

New York Times Service

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Strategic Town Reported to Fall To Chad Rebels

The Associated Press

PARIS — Anti-government insurgents have captured the strategic town of Oum Hadjer in eastern Chad, and peacekeeping troops have been sent to reinforce the neighboring town of Ati, according to reports reaching Paris.

The commander of the Zairian contingent of the Organization of African Unity peacekeeping force said troops loyal to former Chad Defense Minister Hissene Habre now control Oum Hadjer, more than 150 miles (240 kilometers) from Chad's border with Sudan, according to an Agence France-Presse report Saturday.

Mr. Habre's forces control much of the eastern border from their sanctuaries in Sudan, but generally they have refrained from striking so close to the center of the country.

On Dec. 8, 1,000 members of the OAU force from Zaire were sent to Ati, about 90 miles from Oum Hadjer, AFP reported.

The OAU force was sent into Chad when the more than 4,000 Libyan troops who had intervened in Chad's civil war last December pulled out in November.

3 Die in Seoul Explosion

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Cambodia Issue Dominates Region

(Continued from Page 1)

reached a stalemate, the officials said, with neither side able to defeat the other.

Now the Khmer Rouge are vowing to significantly raise the level of fighting. Specifically, diplomats said, the guerrilla army under the deposed Cambodian premier, Pol Pot, has indicated plans to begin large-scale operations in western and northwestern Cambodia.

Based on reports of Vietnamese movements, diplomats expect Hanoi's army to intensify operations in northwestern and central Cambodia as part of efforts to seal sections of the Thai-Cambodian border and to secure the important Route 6 in the north-central part of the country.

Further complicating the situation is the replacement earlier this month of Pen Sovann as head of the Phnom Penh government's ruling Communist Party, ostensibly for health reasons.

Sanrinn assumed the key post, surprising many diplomats who considered Pen Sovann to hold the real power.

Since then, Mr. Pen Sovann's fate has remained unknown. The most current theory among diplomats is that the Vietnamese have got rid of their erstwhile protégé because he was showing signs of independence and encouraging closer direct ties with Moscow.

viet Union has been trying to bypass Hanoi and develop an independent relationship with the Cambodian government. Although Moscow essentially backs the Vietnamese war effort in Cambodia, Hanoi jealously guards its control of the Phnom Penh government.

If the theory of Mr. Pen Sovann's demise is true, it would indicate an even more uncompromising stance by Vietnam on negotiating an end to its occupation. With their own problems in Afghanistan and Poland, economic difficulties at home and the heavy burden of aid to Vietnam, the Soviet Union is seen as more amenable to a compromise in Cambodia.

However, anti-Vietnamese resistance groups show no sign of getting together in a way that would make Hanoi consider such a compromise. ASEAN's aim is to

forge a coalition of the groups, thereby diluting the role of the Khmer Rouge in Cambodia's UN-recognized government.

But the Khmer Rouge and a prospective coalition partner, the anti-Communist Khmer People's National Liberation Front, led by Son Sann, a former premier under Prince Norodom Sihanouk, have been publicly denouncing each other in increasingly strident terms lately despite an agreement in September to refrain from such criticism.

The Khmer Rouge, backed by China, appear to have been laying the groundwork to reject ASEAN proposals for a loose coalition government to replace the Khmer Rouge. Mr. Son Sann's front and a faction led by the former Cambodian head of state, Prince Sihanouk.

Having banked heavily on such a coalition to make the deposed Khmer Rouge government more internationally presentable, ASEAN now faces a potentially serious diplomatic setback if expected Khmer Rouge counterproposals prove unacceptable.

Accordingly, ASEAN members are trying to persuade Peking to pressure the Khmer Rouge into accepting the coalition proposals, which have already been endorsed by the two non-Communist parties.

As the issue unfolds, Washington has been left mainly on the sidelines.

Primary Goals

"Now we have one party, the FSLN [Sandinista front], which has an army of its own, its own police — because the police is the party police — full control of television, and can order the junta to do it," Mr. Robelo said in an interview. "That's why we could not stay. The junta's primary goals are the military consolidation of the party in power and the indoctrination of the Nicaraguan people in their ideology."

The Sandinista front speaks of elections in 1985, but foreign observers in Nicaragua doubt that the Sandinistas will allow elections the sort that could turn them out of power. The stated aim of the revolutionary government in the summer of 1979 was a multiparty system, a mixed economy and free elections.

The nine-man directorate of the Sandinista front is now the most powerful body in the country, and all nine members have expressed Marxist-Leninist views. Under its influence, the economy grows closer daily to full government control, economists experts say.

"I feel the country is in danger," Mr. Robelo said. "The revolution also belongs to people like myself, who are not Marxist-Leninists. The economy is going down the drain very fast, and repression comes more and more. We don't have much time."

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مكتبة الأمل

Afghanistan's Tribal Tradition Makes Unity Elusive for Either Side in Conflict

By Jerre van Dyck

MAHALAJAT, Afghanistan — In mid-November, in a desert hamlet just across the border in Pakistan, Habibullah Karzai, a clean-shaven man who once represented Afghanistan at the United Nations, explained how the fighting in his country had turned him and almost every other Afghan back into tribal people.

"Afghanistan is now governed by one basic law, the law of the jungle," said the man who now serves as liaison between the fighters of his Popalzai tribe and the outside world. "The people need something to grab onto, and in a land where 95 percent of the people are illiterate there is only one thing they have — the ancient laws of their tribes."

"As for the political parties based in Peshawar, they have no authority, no tradition, no laws," Mr. Karzai said. "They have only been around for a few years. The tribes have existed for centuries."

One of the undercurrents of the fighting is a fundamental conflict between the political groups that are seeking to extend their author-

ity throughout the country and individual tribes that are deeply suspicious of outsiders, often even members of related clans, let alone people from other provinces or language groups.

And while it is the political parties with their spokesmen in Peshawar and their links to arms suppliers that have learned to promote their interests in the world press, most of the fighting groups inside Afghanistan are organized like most of Afghan life itself — along tribal and feudal lines.

In Kandahar province, the strong imprint of tribal organization is evident in the landscape. Single-story, domed huts stretch out in a confused welter covering several scores of acres.

These settlements include many villages, and every one of the inhabitants knows where the boundaries are that separate clan from clan and where the influence of one tribal chief or Moslem preacher gives way to that of others. All are familiar with the history of their tribe and its customs, and powers of government in the sense of a nation-state have always been flimsy and distant.

In Paktia province, a mountainous area, the villages are more distinct and farther apart, and each seems to exist as a self-sufficient unit. The people there make it clear that even before the Communists came they had little love of the central administration in Kabul, which they said merely tried to collect taxes or recruit troops or send bureaucrats who demanded bribes.

In the mountain hamlets, except for the weapons, the portable radios and the occasional helicopter overhead, it often appears that the tribal people have easily accommodated themselves to a return to the Bronze Age.

In Kandahar, the groups of mujahidin, or Islamic warriors, always come from the same tribe and in most cases are led by a chief who inherited the title. Often he is also the largest landlord in the area. In Paktia, almost all the fighting bands were led by mullahs, the priests or righteous men of Islam, but even in these cases tribal elders had key roles.

For three days in November, this reporter lived with 25 guerrillas in a mountain encampment near Nake, a small village. The men who had lived together for the previous two years

as a fighting unit, moved through their daily duties without apparent commands. Some baked bread every day. Others brought water from a well, chopped wood or tended the animals — a horse, two mules and a camel. Members of one group took turns manning the anti-aircraft gun.

Five times a day, Mawlawi Abdul Chagor cupped his hands and called the men to prayer. He was the mullah and the commander and seemed to be in authority. Yet, a few weeks earlier, when he had ordered a man and woman to death for adultery, the order was countermanded. The local chief with authority over the couple, who were from the Mangal clan, ordered that they be shot instead. Tribal law, the code of behavior known as *pust-tawali*, had superseded Koranic precepts.

Under this system the requirement to extend hospitality to the traveler or fugitive is balanced by another obligation to avenge insults to the blood with blood. One afternoon, a group traveling along a mountain ridge found it necessary to stop while gunfire was exchanged between two clans in a valley below. The shooting lasted two hours and ended only

when 10 men from one group emerged from a thicket, put down their rifles and washed in a stream before evening prayers.

Fuads of this sort sometimes linger for generations, and a number of Afghans say that *badal*, as the requirement of vendetta is called, will oblige tribesmen to avenge themselves on the Russians for the deaths of relatives.

There are some Westernized Afghans who feel and hope that out of the dislocation and turmoil some truly national leader might emerge, but this has not yet happened, and the tenacious hold of tribal identities makes it seem unlikely.

But if Afghan tribalism impedes the formation of any unified command, it also must frustrate the Russians and their Afghan followers.

"I don't see how the Communists can ever rule Afghanistan," said the urban Mr. Karzai. "For one thing, they have the support of only 5 percent of the people, and those people are all in the cities, cut off from the tribes. Second, no political system can work without an underlying culture, and in the East that culture is profoundly tribal."

"It will take at least a century for a new culture to develop, and the only way to speed up the process is for the Russians to do what the Khmer Rouge did in Kampuchea [Cambodia] or what Stalin did in the Moslem areas of the Soviet Union," he went on. "They must change the existing culture first to create a new culture, and that means either genocide or driving the population out of the country."

Protests on Anniversary

ISLAMABAD, Pakistan (UPI) — Afghan residents and refugees in five Pakistani cities and in New Delhi staged anti-Soviet protests on Sunday, the second anniversary of the Soviet-supported coup in Afghanistan.

In Peshawar, a Pakistani city 20 miles (32 kilometers) from the border with Afghanistan where many of the refugees from the conflict live, nearly 12,000 Afghans cheered protest leaders who burned Soviet flags and effigies of Soviet President Leonid I. Brezhnev. Demonstrations were also held in Quetta, Karachi, Lahore and Islamabad.

China May Use Mineral Revenues To Modernize Army, Study Finds

By Drew Middleton

NEW YORK — China may have found a solution to its most pressing military problem: how to modernize its army on limited financial resources.

The solution, according to a recent study, may be the production and sale of strategic minerals to the United States and other members of the Atlantic alliance to provide the money required to begin to modernize the army.

Among the conclusions in the study by Douglas T. Stuart and William T. Tow of the University of Southern California is that the United States and China will continue to expand arms trade in the medium term but that "actual weapons purchases will probably be infrequent and of limited financial or military importance."

A similar conclusion has been reached by U.S. and West European analysts. European governments are disappointed by the failure of the Chinese so far to make extensive purchases of arms. The pattern in Britain, France and Belgium has been one of extensive consultation between Chinese missions but limited purchases of weapons systems that will serve as models for reproduction in China.

'Comparison Shopping'

Mr. Stuart and Mr. Tow regard these tentative approaches as a variation on the traditional Chinese strategy of "making barbarians fight barbarians." But they point out that, until the Chinese have found the money, they are likely to continue what a British analyst called "comparison shopping" in the arms field.

The costs of modernizing the army are astronomical. U.S. government studies estimate that the provision of what is called "a confident capability" for defense against Soviet attack would cost \$41 billion to \$63 billion.

According to the study, China may be an alternative supplier of

strategic metals such as titanium, vanadium and tantalum, which are essential in the production of advanced aircraft. A high percentage of these metals come to the United States from southern Africa and other regions where political instability is common.

Last year, Peking formed the China National Metallurgical Import and Export Corp. to market these minerals. Success came rapidly. The study reports that in the first half of 1981 the corporation signed contracts for the export of nonferrous and rare metals totaling more than \$290 million, an increase of 150 percent over the same period in 1980. The expectation is that these exports will pass the \$1 billion mark in 1982.

The money is unlikely to be devoted solely to military purchases. Government analysts in the United States and abroad, as well as the authors of the study, point out that, although China has been moving ponderously toward weapons modernization, constraints on that movement exist within the government.

Military expenditure has been reduced despite the government's concern about what it considers the Soviet threat and the recognition that, in the brief war with Vietnam in 1979, China demonstrated startling deficiencies in the air force, command and control systems and combat support.

Mr. Stuart and Mr. Tow say military expenditures have fallen from 17.5 percent of the Chinese budget in 1979 to 15.6 percent in 1981. This reduction has been part of a general retrenchment in industry, agriculture and transportation. Moreover, the modernization program espoused by Deng Xiaoping has been opposed by sections of the Communist Party and the military that adhere to the philosophy that any invader will "drown in the human sea" of China's army of almost 4 million.

The study concludes that the modernizers are "not yet in firm control within the military" and that many in the army resent the treatment given by the present political leadership.

Mr. Stuart and Mr. Tow say the Reagan administration "will continue to move further and faster toward a policy of arming China against Russia."

The Russians, they emphasize, have a centuries-old fear of China. The improvement in U.S.-Chinese relations and the prospect of extensive U.S. sales of weapons to China have already exacerbated that fear, according to experts on Soviet military behavior.

The Chinese, for their part, are single-minded about their program. They know they need modern weapons to be able to deter any Soviet adventures. Western analysts, while accepting this as the basic Chinese view, also point out that the army and the political leadership have old scores to settle in East Asia, starting with Vietnam.

Chinese Party Backs Ideology in Industry

Los Angeles Times Service

PEKING — The Communist Party's policy-making Central Committee has declared, in a major reversal, that the Maoist principle of putting "politics in command" of industry was correct.

The declaration brings into the open a fight within the leadership over China's development strategy. In a clear attack on Premier Zhao Ziyang, an advocate of modern, pragmatic management and increasing use of economic incentives, the Central Committee said Friday that ideological and political motivation should again be stressed and the current "laziness in ideological and political work" ended.

The Central Committee held up as a model the Daxing oil field in northeast China. Daxing, which Mao made a model for Chinese industry in 1964 because of its reliance on its workers' mass enthusiasm, had not been mentioned positively in more than two years, and the revival of the slogan "in industry learn from Daxing" has great political meaning here.

Hua Guofeng, while premier and party chairman in 1977, planned a national industrial conference on "learning from Daxing." When he was removed as premier in September, 1980, and Mr. Zhao was installed, the plans were junked and the whole strategy criticized as leftist and unworkable. This criticism was repeated last June when Mr. Hua was replaced as party chairman.

But the Central Committee said



Robert O. Muller, one of the delegation of four U.S. veterans who went back to Vietnam for six days at Hanoi's invitation, is greeted by his wife, Virginia, on his return to the United States.

Hanoi Airs Report on Child Deformities

The Associated Press

BANGKOK — Two days after a group of U.S. veterans left Vietnam after seeking information on missing servicemen and the defoliant Agent Orange, Radio Hanoi broadcast an account of deformed children in an area sprayed with defoliants northwest of Ho Chi Minh City.

The broadcast, monitored in Bangkok, quoted Vietnamese journalists who said they encountered three deformed children born in areas defoliated by U.S. forces in the early 1960s about 25 miles (40 kilometers) from the provincial capital of Tay Ninh, near the Cambodian border.

The radio quoted reports of two women who said they had borne several normal children before settling in the sprayed areas, but have since given birth to deformed children.

It also quoted the director of a provincial hospital who tentatively concluded that there were three times as many congenital deformities in a village subjected to chemical spray as there were in a village not subjected to defoliants.

Four members of the Vietnam Veterans of America arrived back in the United States on Friday after a six-day visit to Vietnam during which, they said, the Vietnamese agreed to help trace missing servicemen and to admit U.S. scientists and doctors to do research with Vietnamese experts in heavily defoliated areas.

The veterans' organization is pressing for recognition from the U.S. government that contact with the Agent Orange has caused some servicemen physical damage and led to deformities in their children.

The Vietnamese news media have not referred to the veterans' visit, except initially to say that one of the Americans' purposes was "to denounce" U.S. use of the defoliant during the Vietnam War.

The International Herald Tribune invites you to MEET THE NEW FRENCH ADMINISTRATION

February 8 and 9, 1982 in Paris

The election of François Mitterrand and the subsequent Socialist victory in the French parliamentary elections clearly mark an important turning point for the French economy.

With the cooperation of the new Socialist government, the International Herald Tribune has organized a conference designed to help senior executives of foreign companies judge how the new administration's policies will affect their company's activities and investment in France.

Prime Minister Pierre Mauroy will open this meeting on "New French Economic Policies," to be held February 8 and 9 at the Intercontinental Hotel in Paris.

The program will include presentations by Jacques Delors, Finance Minister; Michel Jobert, Minister of Foreign Trade; Michel Rocard, Minister of Planning and Regional Development; Nicole Questiaux, Minister of Social Policy; Pierre Dreyfus, Minister of Industry; André Chadenet, Minister delegated to the Minister of Foreign Affairs, in charge of European Affairs; and Laurent Fabius, Minister delegated to the Finance Minister, in charge of the Budget, as well as Jacques Attali, Special Counsellor to the President; Bernard Attali, President of D.A.T.A.R., the French government's regional development agency; Christian Goux, Chairman of the Economic and Finance Committee of the National Assembly, and other senior government officials.

Additional insights on various aspects of doing business in France will be provided by André Bergeron, Secretary General of the "Force Ouvrière" trade union, by a panel of French and foreign bankers and by a panel of industrialists. The latter will include: Rodolphe Boniface, Chairman of Ford France; Jean Gandois, Chairman of Rhône-Poulenc; Jean-Luc Lagardère, Chairman of Matra; Bernard Lathière, President of Airbus Industries; and Yves Ragouneau, President of Saint-Gobain.

Each presentation will be followed by a question and answer period, and simultaneous French-English translation will be provided at all times.

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Shifts in World Trade Soften Global Impact of U.S. Slump

By Kenneth N. Gilpin
New York Times Service

NEW YORK — Not too long ago, the thought of a deep recession in the United States might have sent shivers through industrial and developing countries alike. However, while America's international economic influence remains vast — the United States generates roughly one-quarter of total global output — analysts say that, unless the depth and duration of the current U.S. recession far exceeds the latest forecasts, its international damage is likely to be limited.

To be sure, there is some negative fallout from the second U.S. recession in as many years. Protectionism, for example, thrives in bad times. With little or no growth forecast in major industrial economies next year, and unemployment rising here and abroad, pressures to curb trade further in labor-intensive industries such as steel, automobiles and textiles are expected to rise.

Countries with particularly important trading relationships with the United States — Canada and Japan, for example — are likely to suffer. And global recovery, when it occurs, is not likely to be vigorous. "This recession will aggravate export growth and real growth in gross national product the world over," said Harold Van B. Cleveland, a vice president and international economist at Citicorp. "However, the drop will not be as severe overseas as it is here."

Various reasons are cited for the current recession's muted international impact.

One is that trends in the United States no longer determine world economic patterns. The international impact of recessions is generally transmitted abroad through falling exports and weaker import demand. Although the importance of America's trade sector to its own domestic economy has grown substantially over the past decade, and particularly since 1974, when the first oil-price shock occurred, its once-dominant position in the markets of developed and developing country markets has shrunk.

"America's impact on the world economy began to erode in the mid-1960s," said Helen Junz, an interna-

tional economist at Townsend-Greenspan & Co. "As the European Economic Community began to mature, European economies started to grow rapidly and intra-European trade began to rise sharply. And the oil price shocks of 1974 and 1979 have caused trade patterns to diverge further."

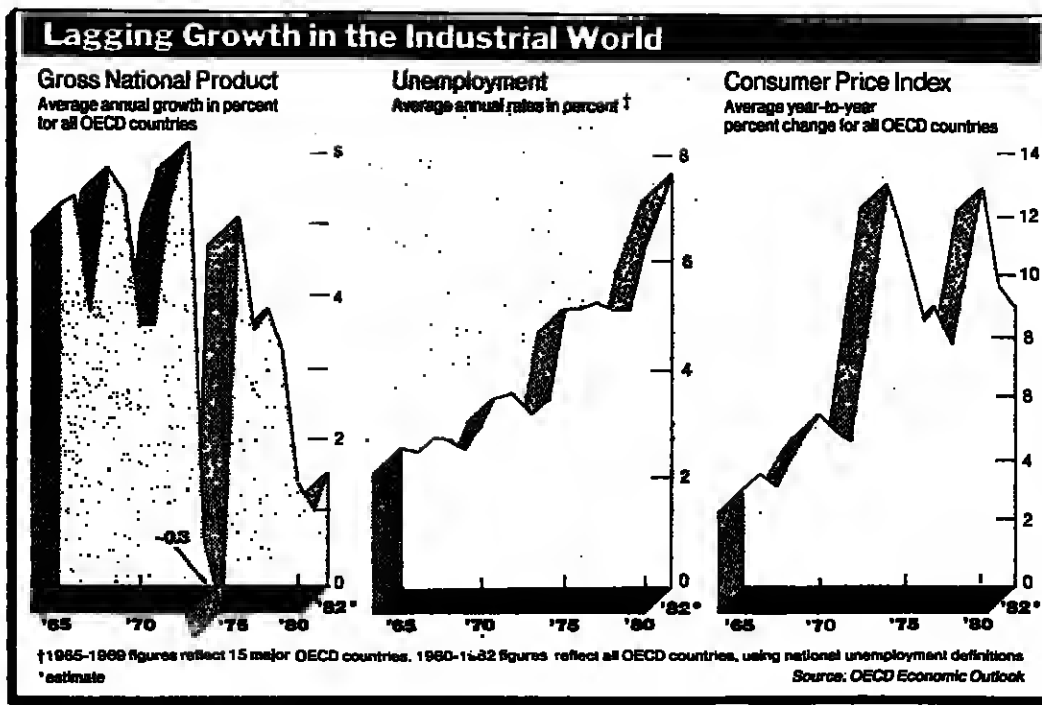
The shift in trade patterns has been steady rather than swift. In 1964, the United States enjoyed a 24.5 percent share of industrial country exports. By 1980, that share had shrunk to 17.7 percent. Although total world trade more than doubled between 1974 and 1980, the United States also has a smaller piece of total global trade today than previously. According to figures from the International Monetary Fund, in 1964 U.S. exports represented 17.2 percent of the world's total. Last year, the figure was 11.5 percent.

Paradoxically, while the international significance of America's trading role has diminished, the importance of trade to the U.S. economy has increased. Recent Commerce Department figures show that in 1980 U.S. exports were responsible for 8.2 percent of gross national product, a doubling from 1970 levels. The increase among other major industrial countries has not been so rapid. With the exception of Japan, exports in other major industrial countries accounted for more than 10 percent of GNP 10 years ago, and constituted more than 15 percent of total output last year.

Goods imported by the United States have also doubled in the last decade, to 9.8 percent of gross national product. However, with the exception of Japan, other major economies have import dependencies of more than 20 percent, an increase of between 4 and 9 percentage points from 10 years ago.

Another reason for the American recession's relatively minor international impact is that, with only one or two exceptions, conditions in many industrialized countries are not getting much worse.

For the last two years, major industrial countries have been in a synchronized cyclical downturn, pursuing tight monetary and fiscal policies in an attempt to curb inflation generated by the latest rise in oil prices. The effort has indeed caused inflation rates to



fall, but sluggish growth, or none at all, and sharply higher unemployment have been inevitable side effects.

Generally, economists agree that European unemployment, which some see as a structural problem, is not likely to be aggravated by the U.S. recession. As a result, few expect major European countries such as West Germany and Britain to change their domestic policy emphasis in the wake of an economic contraction here.

"The Europeans are pretty much resigned to the U.S. recession," Mrs. Junz said. "Many of these countries don't seem to think they need to impose policies to offset it."

In its most recent semiannual forecast, the Organization for Economic Cooperation and Development predicted a "moderate" economic upturn in the region as a whole in 1982 in spite of negative growth in the United States. The organization cited renewed growth in personal income and consumption, a resumption of production and strong demand outside the OECD area as major forces making for recovery.

"Last year America only accounted for about 5.5 percent of European exports," said Roger Bird, director of the Wharton Econometric Forecasting Service. "If recovery there was going to occur, recession in the United States won't abort it."

Interest rates are also a factor. Although interest rate movements abroad have not fallen as rapidly as they have in the United States, recent declines in short-term and long-term rates will help mitigate some of the recession's adverse effect on trade.

Earlier this year, officials from developed and developing countries alike harshly criticized the monetary policies of the Reagan administration and the Federal Reserve Board, saying the Fed's tough stance had forced interest rates abroad to unreasonably high levels, prolonging the downturn and aborting what some then viewed as a budding recovery.

As U.S. interest rates began to drop late last summer the complaints diminished, and then disappeared.

"The decline in interest rates will outweigh the economic effects of this recession," said Rimmer de (Continued on Page 9, Col.1)

OPEC's Task for '82: Stopping Prices From Slipping Even Lower

By Douglas Martin
New York Times Service

NEW YORK — Although the Organization of Petroleum Exporting Countries has promised to freeze crude oil prices until the end of 1982, oil industry analysts now question whether OPEC will in fact be able to prevent prices from slipping.

The implication of this is that OPEC's power to increase or even to maintain world oil prices seems to be its weakest since the 1973 oil embargo by Arab countries, according to industry analysts, company officials and government energy experts.

The question is particularly significant because OPEC's main success over the years has been in defending a constantly rising minimum price, despite the organization's failure to develop an overall policy on oil production or effectively to set maximum prices. If the bottom falls out of the organization's pricing structure, some analysts reckon, OPEC's reason for being would be cast into doubt.

Spot Price Forecasts

Arnold Safer, president of the Energy Futures Group, is predicting that by mid-February the price of oil traded on the spot, or non-contract, market could undercut by 50 to 75 cents the \$34-a-barrel price for Arabian light crude that is used by OPEC as a base reference in the pricing of all grades produced by the 13-member organization.

"The market is going \$5 lower," said Harry Neustein, a crude oil trader. "They can't hold the price."

The weakness in oil prices was in evidence last week in price cuts by Libya and Algeria, ranging from 50 cents to \$1.20 a barrel, depending on grade. Their actions followed broad moves by OPEC at a meeting in Abu Dhabi in early December to trim another 20 cents to \$1 a barrel from the premiums it adds to the \$34 base price to reflect differences in quality and transportation costs. The premiums bring the maximum official OPEC contract price for best grades to \$37 a barrel.

A substantial drop in spot market prices, which are currently hovering around the \$34 base price, would create pressure for countries to lower their contract prices to gain sales from other producers.

Alternative Energy

The danger to OPEC stems from the high prices it has helped to engineer over the past eight years. In response to higher prices, demand for energy has slipped an average of 2.3 percent a year since the 1973 oil embargo. As well 700,000 barrels of daily oil production are being added each year and non-petroleum sources of energy — including hydropower, nuclear coal and natural gas — are increasing at a 4 percent annual rate. OPEC will, of course, fight to

prevent a collapse of its overall pricing structure as production continues to outpace the declining demand. The logical mechanism is to reduce production, something the organization has never been able to do on a coordinated basis.

The most likely candidate is Saudi Arabia, whose oil minister, Sheikh Ahmed Zaki Yamani, has promised that the country will defend the \$34 base price by limiting its massive oil production as much as necessary.

The kingdom, which accounts for about half of total OPEC production, has reduced its output to 8.5 million barrels a day in recent months from the 10.5 million level it maintained for most of the year.

Minimum Output Levels

A recent State Department study calculated that Saudi Arabia could reduce daily production to 6 million barrels without cutting into oil revenues needed for its massive development program.

Moreover, Sheikh Yamani suggested in a speech at the beginning of this year that Saudi Arabia was prepared to cut its production to 3 million barrels a day, although some analysts suggest this might not generate sufficient development revenues.

A decline in worldwide oil inventories to only about 150 million barrels above normal levels from 600 million at the beginning of 1981 is also exerting some upward pressure on prices, according to an analysis by Data Resources.

"As far as I'm concerned, the glut is gone," said Constantine Flakos, of Merrill Lynch, Pierce, Fenner & Smith, referring to the reduction in worldwide inventories.

Nevertheless, several factors are responsible for pushing down prices. Worldwide economic activity continues to be slack, and many economists foresee recession continuing well into next year.

War Cuts Supplies

Current OPEC production of about 22 million barrels a day is about 4 million barrels below the capacity of the 13 countries, limited as it is by the Iran-Iraq war. And when production levels in Iran and Iraq return to normal, 5 million additional barrels of oil could enter world markets.

Moreover, the reduction in inventories might not strengthen prices as much as some analysts suggest. A combination of the increased costs of storing oil due to high interest rates and the ready availability of crude is convincing companies that they do not have to keep so much on hand. Before 1973, companies routinely got by with 25 to 30 days of inventories, rather than the 90 or more days that are now common.

According to Halsey Peckworth, editor of Platt's Oil Price Report, many companies are refraining from signing 1982 supply contracts until January or February, rather than in November, as has been customary. The reason is seen as an expectation that prices will decline further.



Worker pours steel at a European plant. U.S. companies complain about government aid given European steel makers.

U.S. Steel Firms Grow Impatient on Imports

Bethlehem Steel Executive Warns Europeans That Time Is Running Out

By Frank Swoboda
and Peter Behr
Washington Post Service

BETHLEHEM, Pa. — "The meter is running," Bethlehem Steel Chairman Donald Trautlein said, and so is the patience of the U.S. steel industry as it waits for the Reagan administration to stem shipments of low-priced steel from Western Europe into the United States.

Bethlehem, along with other U.S. steel companies, is prepared to bring action against West European steel producers under U.S. trade laws, Mr. Trautlein said last week, adding that he regards the issue to be open and shut. In most cases, the subsidies provided by West European governments to reduce the prices of steel exports are so large that very little of the steel can be sold here legally, he asserted.

But the unfair trade charges, if upheld, would lead to a virtual ban on European steel imports — an action that could trigger severe retaliation against U.S. exporters

and upset fundamental political ties between the United States and its European allies, according to the administration.

Mr. Trautlein's tough talk comes at a time when he sees the U.S. steel industry's level of production dropping in the first quarter of 1982 to at least 15 percent below the 1981 first quarter's level. As he said, unemployment in the industry already was nearly 25 percent and "obviously we don't see much in the first quarter."

Mr. Trautlein said he understands the administration's concern. "We're Americans first. We're aware that steel trade isn't the administration's only problem. U.S. steel producers are likely to sit tight for awhile if the administration is making significant progress with the Europeans, he indicated.

But the low-cost steel imports are taking away sales that are needed to pay for billions of dollars in essential modernization by U.S. producers, he added. "The whole modernization program is jeopardized by these imports."

Bethlehem is planning to spend about \$100 million next year out of a \$750 million, multi-year investment program to improve its facilities.

Mr. Trautlein conceded the U.S. steel industry was behind both the Japanese and the West Europeans in the amount of continuous casting operations in place. But he said U.S. steel makers were pushing to catch up.

Period of Relief Sought

In a similar argument to that made by the U.S. auto industry before the administration negotiated a "voluntary" agreement with the Japanese limiting car imports for two years, Mr. Trautlein says the domestic steel industry needs import relief for a three-to-five year period to allow it to complete its modernization program.

The industry must now decide whether antidumping suits would help or hinder that goal, he said.

"The administration feels that a satisfactory resolution can be reached" without industry suits, Mr. Trautlein said, but the industry no longer may be willing to trust the kind of agreement the government is apt to come up with.

Previous administrations have won assurances from steel-producing countries in Western Europe only to have the agreements broken, he said. Therefore, he added, "You have to look for something that gives you more than verbal assurances."

Industry leaders met last Monday with Commerce Secretary Malcolm Baldrige to discuss the status of government negotiations with the Europeans.

Mr. Trautlein would not reveal details of those talks. However, in a separate interview, Mr. Baldrige said progress was being made, though he gave no prediction of the outcome.

U.S. steel executives do not fully appreciate the shock felt by West European competitors this month when the Reagan administration itself brought dumping charges against foreign producers, Mr. Baldrige said. "We got their attention," he added.

To Our Readers

Most foreign-exchange markets were closed over the long Christmas holiday weekend. Currency quotations will resume in Tuesday's editions.

Gould: High-Tech Transformation Is Complete

By Thomas McCarroll
New York Times Service

CHICAGO — William T. Yivisker of Gould Inc., a company best known as a battery maker, is breathing easier.

After having been repelled in two earlier attempts to buy his way into the semiconductor business, he arranged this month the takeover of American Microsystems Inc. of Santa Clara, Calif., for stock valued at about \$200 million. The move rounds out Mr. Yivisker's long push to make Gould a full-fledged electronics company.

In less than a decade, Mr. Yivisker, chairman and chief executive of Gould, has taken over more than 50 companies, putting Gould into such businesses as automation systems, torpedo and sonar defense systems, medical diagnostic systems and more, all in 77 plants located in the United States and 24 in foreign countries.

Cashing In

In short, he has built a \$2.2-billion high-technology behemoth and lost none of his ambition. "In the next two decades the electronics industry will lead all other industries in growth," he said. "And we want to be there to cash in."

In the process, Mr. Yivisker, a patrician-looking, 57-year-old graduate of Yale University, has acquired a rather abrasive image in dealings both with other companies and with his own managers. It is what he himself refers to as his "Darth Vader reputation." But, he insists, "My tough guy image is mostly myth. I'm an easy-going guy now; that stuff is a thing of the past."

The easy-going aspect was certainly not in evidence in his two previous attempts to corral a major semiconductor company. Two years ago he sought to acquire Fairchild Camera & Instrument Corp. and then Mostek Corp. Both were unfriendly acquisitions, and both collapsed. Fairchild, which Mr. Yivisker still admits he "was very interested in" and "fought hard for" sold out instead to Schlumberger Ltd. United Technologies Corp. won Mostek, which Mr. Yivisker now claims he "was not serious about."

He pressed on because whatever Gould's emerging strengths in other sectors of electronics, semi-

conductor technology is essential to them all. "They help us reduce cost and advance the state of our production," Mr. Yivisker said.

But this time, the acquisition is described by both sides as a friendly one. And Mr. Yivisker professes himself well pleased with

GOULD

All amounts in millions except per share net

	1980	1979
Revenue	\$2,200	\$2,024
Profit	72	106
Per Share	2.10	3.78
Total Assets (of Dec. 31)	1,609	1,413

Divisions contributing to 1980 revenue

Electronic products	46%
Electrical products	5%
Batteries	16%
Industrial products	33%

his ultimate partner. "AMI is a better fit than either Fairchild or Mostek," he said. "AMI is smaller and has a broader base of technology which will be able to support our 32-bit minicomputer line, our defense systems, our factory automation systems, and our test and measurement and medical instrumentation work."

Custom-Designed Circuits

Among semiconductor companies, AMI is best known as a maker of custom-designed integrated circuits, a specialty that sets it apart from most of the industry, which concentrates on circuits for multiple applications. The company's sales last year of \$130 million put it in the industry's second tier. The acquisition means the electronics component of Gould's sales and earnings will swell even more. Just five years ago, before Mr. Yivisker got firmly into his acquisition campaign, electronics sales totaled \$230 million and pre-tax profits were \$33 million. By last year, those totals had tripled.

All this is a major subtheme in a corporate strategy that has resulted in sales more than quintupling

in a decade while profits marched steadily ahead for nine years, until 1980. In that year, earnings dropped 34 percent to \$72 million, as Gould's electrical products and industrial lines were hit hard by the slump in housing construction and utility markets, while its battery business was badly beaten by competition in a slumping auto market and the erratic price of lead.

Part of that strategy involved dropping certain non-electronic segments. Gould's businesses, and Mr. Yivisker plans to continue selling off some of the company's duller operations. This would affect industrial operations, which produces custom-engineered bearings, precision engine and metal structural parts and other industrial components and accounted for 30 percent of Gould's pre-tax earnings and 26 percent of its net sales last year.

A Little Introspection

There were rumors this year that Mr. Yivisker was also thinking about putting the traditional battery division on the block, but he denied this. "Instead, the material developed by the electronics division will benefit battery develop-

ment work," he said, with equal optimism for the lagging electrical operations. "The electrical products line will also benefit from technologies developed by the electronics area," he said.

With AMI now in the corporate fold, many observers feel the time has come for management to try a little introspection.

Mr. Yivisker has come under sometimes heavy criticism for keeping his top managers on too short a leash, leading to unusually high turnover. Among his defenders within the company, a staffer, who asked not to be identified, argued that "I don't think Bill deserves that tag. He just likes to be closely involved in the business and make his presence known."

But now, more important even than how Gould's separate divisions blend in together, is how harmoniously Yivisker can work with the new management and employees," said a high-technology analyst who preferred to go unidentified.

"Workers at high tech companies like AMI are highly mobile — the turnover rate is about 50 percent a year — and they fiercely cherish their independence," the analyst explained.

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Amsterdam, December 18, 1981

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International Bond Prices—Week of Dec. 24

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430	1972 West Germany	S	100	98	9.73	
435	1972 Jan	S	100	98	9.73	
440	1972 Jan	S	100	98	9.73	
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965	1972 Jan	S	100	98	9.73	
970	1972 Jan	S	100	98	9.73	
975	1972 Jan	S	100	98	9.73	
980	1972 Jan	S	100	98	9.73	
985	1972 Jan	S	100	98	9.73	
990	1972 Jan	S	100	98	9.73	
995	1972 Jan	S	100	98	9.73	
1000	1972 Jan	S	100	98	9.73	

STRAIGHT BONDS
All Currencies Except DM[illegible]

	Yield
6000	98%
7000	98%
8000	98%
9000	98%
10000	98%
11000	98%
12000	98%
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98000	98%
99000	98%
100000	98%

[illegible]

Yield

[illegible]

World Bank	18 7/8	18 3/4	18 3/4	18 3/4	18 3/4	18 3/4
World Bank	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4
World Bank	10 1/8	10 1/8	10 1/8	10 1/8	10 1/8	10 1/8
World Bank	14	14	14	14	14	14
World Bank	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2

1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	586	585	584	583	582	581	580	579	578	577	576	575	574	573	572	571	570	569	568	567	566	565	564	563	562	561	560	559	558	557	556	555	554	553	552	551	550	549
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Water Corp Ltd	9 1/4	74 Jul	\$1 1/2	18.50	17.75	2.00
Water Corp Ltd	9 1/4	72 Mar	71 1/2	16.60	15.60	2.00
State Long Int	8	77 May	75	11.45	10.20	2.00
	7 1/2	77 May	69 1/2	10.75	9.50	2.00

[illegible][illegible]

STRAIGHT BONDS	
U.S. 4 1/2% 1967	101 1/2
U.S. 4 1/2% 1968	101 1/2
U.S. 4 1/2% 1969	101 1/2
U.S. 4 1/2% 1970	101 1/2
U.S. 4 1/2% 1971	101 1/2
U.S. 4 1/2% 1972	101 1/2
U.S. 4 1/2% 1973	101 1/2
U.S. 4 1/2% 1974	101 1/2
U.S. 4 1/2% 1975	101 1/2
U.S. 4 1/2% 1976	101 1/2
U.S. 4 1/2% 1977	101 1/2
U.S. 4 1/2% 1978	101 1/2
U.S. 4 1/2% 1979	101 1/2
U.S. 4 1/2% 1980	101 1/2
U.S. 4 1/2% 1981	101 1/2
U.S. 4 1/2% 1982	101 1/2
U.S. 4 1/2% 1983	101 1/2
U.S. 4 1/2% 1984	101 1/2
U.S. 4 1/2% 1985	101 1/2
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Chicago Exchange Options

For the Week Ending Dec. 24, 1981

[illegible]

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S&P Offers Investors Credit Alert

By Kenneth B. Noble
New York Times Service

NEW YORK — Corporations have always feared having the credit ratings on their corporate debt lowered. Now Standard & Poor's, the U.S. rating firm, has added a new device for calling attention to a company's potential credit problems.

The rating agency began publication last month of an "early warning" list of companies and governmental units whose bonds and short-term securities are "under special surveillance," although the credit ratings for these debts have not been changed.

The list, known as Creditwatch, is updated weekly and is designed to reflect the impact of such spot developments as takeover attempts and regulatory actions that affect a company's operations and therefore its creditworthiness.

Cautions Grow

"It's a very significant move that might impact the cost of borrowing for some companies and even preclude their access to the credit markets," Donald E. Maude, chief economist for Merrill Lynch, Pierce, Fenner & Smith, said of Creditwatch.

"It's always during these stages of the cycle, the recessionary period, that portfolio managers become extremely cautious about creditworthiness," Maude added. "They don't necessarily have to feel that a company is going to have difficulties, but the mere fact that it might impact the liquidity or the marketability of the issue would tend to make investors reluctant to make commitments."

Standard & Poor's cautions that a Creditwatch listing does not necessarily mean a decline in the credit quality of a company's bonds as a drop in a credit rating would. Only about 50 percent of the ratings under special surveillance might eventually be changed, S&P says, adding that the number of changes has risen steadily in recent years.

By S&P's definitions, bonds rated AAA to A are considered generally excellent investments. Bonds rated BB, B, CCC, and CC are regarded, on balance, as speculative with regard to the issuer's ability to pay interest and principal. BB-rated issues are the least speculative and CC-rated issues the most.

The other major U.S. credit-rating company, Moody's Investors Service, has a rating system similar to S&P's for the thousands of short-term and long-term corporate and municipal bonds and securities issued each year. Moody's does not publish an early warning list similar to S&P's.

Creditwatch reflects a growing public concern over the creditworthiness of companies and municipalities during a period of sharp swings in the nation's economy and in interest rates, and the declining fortunes of some major traditional industries such as automobiles and steel.

So far this year, Standard & Poor's has revised the credit ratings of 196 companies in the corporate sector, with debt ratings of 83 upgraded and 113 downgraded. That is sharply higher than in 1980, when the debt ratings of 144 companies were changed, with 62 upgraded and 82 downgraded.

Of the 45 issuers of debt on the most recent Creditwatch list scheduled for release Monday, the majority — 37 corporate and municipal issuers — face possible downgradings of their credit ratings, S&P said. Included are Ford Motor and the Ford Motor Credit Co.

The other issuers, S&P said, might have their credit ratings upgraded or their situation described as "developing," which means that S&P is seeking more information about the impact on debt of a merger or some other corporate event.

Others on the Creditwatch list that face possible lower ratings include Savin Corp.; Standard Brands Inc.; Mobil Corp.; and Montgomery Ward & Co., a Mobil unit; several insurance and financial companies; the city of Chicago, and the state of Washington.

Byron Klapper, S&P's director of special fixed-income research, attributed the growing number of credit downgradings to the current volatility in the markets. "In the past, bonds used to be something that you bought, put away, and forgot until maturity," he said. "They kind of sat there and hardly fluctuated at all. These days, the ups and downs occur so frequently that fixed-income investors need information almost immediately to base their decisions on."

Earlier this month, for example, Baldwin-United Corp., a Cincinnati financial services concern, agreed to acquire MGIC Investment Corp., the nation's largest private insurer of home mortgages, for \$52 a share, or \$1.2 billion.

Standard & Poor's subsequently added the two companies to its Creditwatch list, explaining that "increased demands on MGIC could arise as a result of being owned by a relatively small and highly leveraged parent."

A spokesman for MGIC said, "I don't think the corporation, over all, is concerned at all — it wasn't anticipated that we would be put in a Creditwatch-type situation, because it is a procedural kind of a matter."

Mexico and Bankers: The War of Nerves Begins

By Alan Riding
New York Times Service

MEXICO CITY — The sharp deterioration in Mexico's financial situation this year has provoked conflicting responses of delight and nervousness among foreign bankers who have been helping to pay for this country's oil-based economic boom.

There is hope that Mexico will now be obliged to pay increased interest on its loans, becoming a more profitable market for foreign banks. But there is also fear that the Mexican peso may be heading for a major devaluation.

"People don't know whether to smile or to weep," said the representative of a large New York bank. "The government is upbeat, the local business community is upbeat, but the bankers are just holding their breath."

The first question marks were raised over Mexico's accounts when world oil prices began to soften last June. But the alarm bells only sounded late in November, when Finance Minister David Ibarra Muñoz announced an unprecedented \$4.9-billion increase in Mexico's public foreign debt during 1981.

\$48.7-Billion Public Debt
These credits, half of which were unannounced short-term loans, raised the debt to \$48.7 billion and, combined with a further \$15 billion owed by the private sector, placed Mexico on a par with Brazil among the world's most indebted developing countries.

Mr. Ibarra Muñoz further estimated that Mexico's net foreign borrowing next year would be about \$11 billion.

"They're not going to raise that at spreads of only half a percent" over the London interbank offered rate, the New York banker said.

Recently, in fact, a \$500-million Euroloan managed by Chemical Bank was signed in London by Mexico's State Development Bank at five-eighths of a point over Libor, the first clear sign that Mexico is willing to increase bank margins.

"Every year we ask ourselves if there will be enough liquidity to meet Mexico's demands, and every year we seem to find enough," said the representative of another U.S. bank. "This year, if they increase the price to, say, one percentage point over Libor, they'll be able to borrow all they need."

Disturbing Trends
But the government's relationship with foreign banks is only one facet of a financial picture that has darkened noticeably over the past year. Other disturbing trends include:

• The drop in world oil prices has aggravated Mexico's temporary loss of clients following its effort to maintain high prices in mid-1981. This has meant a loss of about \$4 billion in anticipated revenues this year.

• A poor showing by nonoil exports, combined with continuing

high imports, has produced for Mexico a record current account payments deficit of \$10.8 billion this year.

• Several years of high inflation — this year's rate is officially estimated at 29 percent — have weakened the pull of the tourist industry, and the overvalued peso has encouraged Mexicans to travel and buy abroad.

• Fears of a major devaluation

about 2.75 million. Mexico's proven oil and gas reserves stand at 72 billion barrels, and the country is the world's fifth-largest producer. Oil revenues in 1982 should reach \$18 billion.

Last week, Mexico moved to reduce Pemex's dependence on foreign credits by raising domestic oil prices for the first time in five years. The doubling of the price of the most widely used gasoline — to

In the view of both foreign bankers and government economists, however, the government's greatest challenge is to "float" the overvalued peso downward fast enough to avoid the need for a sudden, confidence-shaking devaluation.

Fears of 1976

Yet it must do so without touching off a new flight of capital.

"If they really speed up the float, they might get away with it," a U.S. bank representative argued, "but they're taking a great risk. Sleeping uncertainty could quickly turn into a panic, and they'd soon run out of money and be forced to devalue. But they at least think they can do it."

The dominating specter is a repetition of the large devaluation in August, 1976. In a matter of weeks, the peso fell from 12.50 to the dollar to a record low of 29, later stabilizing at about 22 pesos after Mr. López Portillo took office in December, 1976.

But, over the following four years, as inflation eroded the real value of the peso, the government intervened in a "dirty float," leaving the peso technically free to fluctuate against the dollar but also taking steps to sustain the Mexican currency. Only this year has the central bank allowed the peso to slip gradually, by about 13

percent, to 26 pesos to the dollar. In 1982, however, officials plan to allow the peso to lose 18 percent to 20 percent of its value through almost daily but, it is hoped, unnoticed, minidevaluations, ending the year with an exchange rate of 30 or 31 pesos to the dollar.

One side effect of this depreciation would be the need to maintain high domestic interest rates, at or above the combined rate of the devaluation and Libor. But the shortage of domestic credit might still force private companies embarked on expansion programs to borrow abroad.

"At the moment, I'm analyzing how my top private-sector clients would be affected by a major devaluation," a foreign banker said, "and, of 35 companies, I think about 6 would go under."

In the current mood of uncertainty, then, neither the public nor the private sectors can expect to find foreign bankers waiting for them with open checkbooks, as they did 12 months ago.

"It's going to be an interesting wrestling match," said a foreign economic analyst. "The bankers are going to play hard to get, with an eye to making more money, but Mexico's Finance Ministry officials also know the banks have no choice but to lend to Mexico, and they're going to hold out for this spread."

'The government is upbeat, the local business community is upbeat and bankers are just holding their breath.'

have led to the export of about \$4 billion since June, much of it going into U.S. real estate.

On the positive side, the economy has grown for the fourth successive year, at about 8 percent in 1981, while three million new jobs have been created since 1978, fueling demand for food and manufactured products.

In recent months, the state oil monopoly Petroleos Mexicanos has also recovered the markets it lost last summer. Oil exports are approaching the target of 1.5 million barrels a day, while total production should soon level off at

the equivalent of 87 cents a gallon — should bring in an additional \$3.5 billion to \$4 billion next year.

For next year, the final year of President José López Portillo's administration, the government has announced plans to hold real public spending at 1981 levels and slow the economic growth rate to between 6.5 percent and 7 percent.

"We must concentrate on completing and mining what we have begun, on avoiding risks which, through excessive audacity, could provoke undesirable problems in the future," Mr. Ibarra Muñoz told Congress on Nov. 25.

CBS, ABC Tune Their Antennae into Cable

By Eric Pace
New York Times Service

NEW YORK — Amid doubts and startup losses, ABC and CBS are embarking on the turbulent waters of cable television programming.

ABC's and CBS's two fledgling cable-television programming services will cost the companies millions of dollars this year.

While acknowledging the uncertainties involved, network executives say they have to act now or risk missing out on the future growth of the burgeoning cable television market, which already includes 28 percent of the 81.5 million U.S. households that have television sets.

ABC Inc., which began its ARTS cultural programming service in April, plans to initiate four additional cable television programming services in the coming months, almost a quarter of the total number of new services planned for next year. More than 40 are already in operation.

CBS Inc., which began its own cultural service, CBS Cable, in October, may possibly form another service, said Jack Willis, a CBS Cable vice president. In addition,

CBS has applied for a franchise to run a local cable system in California.

NBC, a subsidiary of RCA Corp., has yet to take a step into cable, although an NBC vice president, Curt Block, said senior management was thinking of doing so.

These positive attitudes toward cable television represent a switch by network executives, according to Michael D. Drexler, executive vice president for media and programming at Doyle Dane Bernbach.

"For quite some time they were trying to insist that cable was not going to be a big factor," he said. "But as cable has continued to grow, they have come to realize that they have got to protect their flanks and that cable, in conjunction with over-the-air broadcasting, is the wave of the future."

For his part, Frederick S. Pierce, ABC executive vice president, said the company was moving into the new field on so many fronts because "at the pace cable was moving, it was clear that undue indecision could lock us out of the marketplace."

Thus far, the ABC and CBS services have garnered only a handful

of advertisers — and each has been absorbing start-up losses which they refuse to specify in public.

John S. Reidy, media analyst at Drexel Burnham Lambert Inc., estimated that ABC was incurring 1981 operating expenses of \$5 million to \$10 million in connection with its cable television enterprise — all of which are joint undertakings with other companies — and other over-technology activities.

Such outlays, he said, could amount to an additional \$15 million to \$20 million next year. That compares with ABC Inc.'s total earnings, after taxes, which he estimated at about \$150 million for 1981 and more than \$165 million for 1982.

Mr. Reidy said that CBS Cable may cost CBS Inc. more than \$5 million in start-up costs and operating losses in 1981. The company is expected to have after-tax earnings of more than \$180 million for 1981, he said, and Drexel Burnham's projection for 1982 is for profits of more than \$215 million.

At Young & Rubicam, Joseph Ostrow, executive vice president, noted that the advertising revenues of the two services were "not terribly large," adding that their adver-

tising rates were "very high, and there are just too many options in terms of corporate advertising to make them a terrifically attractive alternative."

Mr. Ostrow voiced further reservations over ARTS and CBS Cable not charging a fee to local cable television system operators, who in turn provide the service free to their subscribers. "They are positioned to be totally dependent on advertising as their only revenue source," he said. "That's a problem — it puts all their eggs in one basket."

The Money Maker

And Mr. Reidy observed: "There is still a lot of doubt as to how many advertising-supported cable services there will ever be. So we continue to think the greatest profit potentials lie in pay cable television systems," for which subscribers pay an extra fee.

Network executives said they were not concerned about the prospect that their cable operations would continue to lose money, or the prospect of the operations' competing with existing broadcast activities.

Trade Shifts Soften Impact of U.S. Slump

(Continued from Page 7)

Vries, chief international economist for Morgan Guaranty Trust Co. "This is particularly true for major developing countries like Brazil, Mexico and South Korea, whose debt service burdens have been sharply aggravated by continuing high rates of interest."

As a rule of thumb, economists generally assume that a decline of one percentage point in the London interbank offered rate, the interest rate which governs many loans to developing countries, means a drop in interest payments of \$1 billion. Although rates have firmed recently in the wake of recent volatile movements in the U.S. money supply, the interbank rate has fallen more than 2 percentage points since the end of October, to 14 9/16 percent, some economists expect further declines in January.

"The improvement in interest rates in Europe should have a very positive effect," Mr. Bird said. "The duration of their decline in industrial production has been going on for almost three quarters. Falling interest rates should help reverse that trend."

The dollar's movements have also had an effect. Although the dollar has begun to decline against major currencies such as the Deutsche mark and the yen, on a trade-weighted basis it still remains 17.2 percent above year-ago levels, giving overseas exporters a continued advantage in third-country markets.

"Even if the dollar continues to decline, some exporters, notably the Germans and Japanese, will continue to enjoy a distinct price advantage in third markets," Mrs. Junz said. "That should mute the impact of the American recession somewhat."

A falling dollar should also lead to lower oil bills for major importers, cutting into inflation and easing some pressure on the balance of payments, economists say.

In spite of its limited effects, for the next few months foreign politicians are likely to place much of the blame for their own economic woes on the U.S. recession. Once upon a time, such criticism might have been valid. Now, however, when America catches a cold Europe, no longer develops pneumonia. Rather, as Mrs. Junz noted, "all they need is a dose of Vitamin C."

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ATW	Security	Middle Price	Comp. Period	Comp. %	Comp. v. Prev. %
832	Chrysler Fiat 42.22		1 Mar 72		
837	1 1/4% 1991 Auto	84	12 months	831/7/8	7.39
838	1 1/4% 1992 Auto	84	12 months	831/7/8	7.39
839	1 1/4% 1993 Auto	78	12 months	831/7/8	7.39
840	1 1/4% 1994 Auto	80	12 months	831/7/8	7.39
841	1 1/4% 1995 Auto	80	12 months	831/7/8	7.39
842	1 1/4% 1996 Auto	80	12 months	831/7/8	7.39
843	1 1/4% 1997 Auto	81 1/2	12 months	831/7/8	7.17
844	1 1/4% 1998 Auto	81 1/2	12 months	831/7/8	7.17
845	1 1/4% 1999 Auto	81 1/2	12 months	831/7/8	7.17
846	1 1/4% 2000 Auto	81 1/2	12 months	831/7/8	7.17
847	1 1/4% 2001 Auto	81 1/2	12 months	831/7/8	7.17
848	1 1/4% 2002 Auto	81 1/2	12 months	831/7/8	7.17
849	1 1/4% 2003 Auto	81 1/2	12 months	831/7/8	7.17
850	1 1/4% 2004 Auto	81 1/2	12 months	831/7/8	7.17
851	1 1/4% 2005 Auto	81 1/2	12 months	831/7/8	7.17
852	1 1/4% 2006 Auto	81 1/2	12 months	831/7/8	7.17
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862	1 1/4% 2016 Auto	81 1/2	12 months	831/7/8	7.17
863	1 1/4% 2017 Auto	81 1/2	12 months	831/7/8	7.17
864	1 1/4% 2018 Auto	81 1/2	12 months	831/7/8	7.17
865	1 1/4% 2019 Auto	81 1/2	12 months	831/7/8	7.17
866	1 1/4% 2020 Auto	81 1/2	12 months	831/7/8	7.17
867	1 1/4% 2021 Auto	81 1/2	12 months	831/7/8	7.17
868	1 1/4% 2022 Auto	81 1/2	12 months	831/7/8	7.17
869	1 1/4% 2023 Auto	81 1/2	12 months	831/7/8	7.17
870	1 1/4% 2024 Auto	81 1/2	12 months	831/7/8	7.17
871	1 1/4% 2025 Auto	81 1/2	12 months	831/7/8	7.17
872	1 1/4% 2026 Auto	81 1/2	12 months	831/7/8	7.17
873	1 1/4% 2027 Auto	81 1/2	12 months	831/7/8	7.17
874	1 1/4% 2028 Auto	81 1/2	12 months	831/7/8	7.17
875	1 1/4% 2029 Auto	81 1/2	12 months	831/7/8	7.17
876	1 1/4% 2030 Auto	81 1/2	12 months	831/7/8	7.17
877	1 1/4% 2031 Auto	81 1/2	12 months	831/7/8	7.17
878	1 1/4% 2032 Auto	81 1/2	12 months	831/7/8	7.17
879	1 1/4% 2033 Auto	81 1/2	12 months	831/7/8	7.17
880	1 1/4% 2034 Auto	81 1/2	12 months	831/7/8	7.17
881	1 1/4% 2035 Auto	81 1/2	12 months	831/7/8	7.17
882	1 1/4% 2036 Auto	81 1/2	12 months	831/7/8	7.17
883	1 1/4% 2037 Auto	81 1/2	12 months	831/7/8	7.17
884	1 1/4% 2038 Auto	81 1/2	12 months	831/7/8	7.17
885	1 1/4% 2039 Auto	81 1/2	12 months	831/7/8	7.17
886	1 1/4% 2040 Auto	81 1/2	12 months	831/7/8	7.17
887	1 1/4% 2041 Auto	81 1/2	12 months	831/7/8	7.17
888	1 1/4% 2042 Auto	81 1/2	12 months	831/7/8	7.17
889	1 1/4% 2043 Auto	81 1/2	12 months	831/7/8	7.17
890	1 1/4% 2044 Auto	81 1/2	12 months	831/7/8	7.17
891	1 1/4% 2045 Auto	81 1/2	12 months	831/7/8	7.17
892	1 1/4% 2046 Auto	81 1/2	12 months	831/7/8	7.17
893	1 1/4% 2047 Auto	81 1/2	12 months	831/7/8	7.17
894	1 1/4% 2048 Auto	81 1/2	12 months	831/7/8	7.17
895	1 1/4% 2049 Auto	81 1/2	12 months	831/7/8	7.17
896	1 1/4% 2050 Auto	81 1/2	12 months	831/7/8	7.17
897	1 1/4% 2051 Auto	81 1/2	12 months	831/7/8	7.17
898	1 1/4% 2052 Auto	81 1/2	12 months	831/7/8	7.17
899	1 1/4% 2053 Auto	81 1/2	12 months	831/7/8	7.17
900	1 1/4% 2054 Auto	81 1/2	12 months	831/7/8	7.17

8 20	Dart Industries (L.L.) 4 3/4% 1987 Aug	52 1/2	maturity \$72 3/4 1 Sep 73	369.34	2
		49	maturity 599	26.21	5

91	5.17%	1987 Mar	80	maturity	\$21	92.14
92	5.17%	1987 Mar	85	maturity	26	92.14
93	5.17%	1987 Mar	90	maturity	31	92.14
94	5.17%	1987 Mar	95	maturity	36	92.14
95	5.17%	1987 Mar	100	maturity	41	92.14
96	5.17%	1987 Mar	105	maturity	46	92.14
97	5.17%	1987 Mar	110	maturity	51	92.14
98	5.17%	1987 Mar	115	maturity	56	92.14
99	5.17%	1987 Mar	120	maturity	61	92.14
100	5.17%	1987 Mar	125	maturity	66	92.14
101	5.17%	1987 Mar	130	maturity	71	92.14
102	5.17%	1987 Mar	135	maturity	76	92.14
103	5.17%	1987 Mar	140	maturity	81	92.14
104	5.17%	1987 Mar	145	maturity	86	92.14
105	5.17%	1987 Mar	150	maturity	91	92.14
106	5.17%	1987 Mar	155	maturity	96	92.14
107	5.17%	1987 Mar	160	maturity	101	92.14
108	5.17%	1987 Mar	165	maturity	106	92.14
109	5.17%	1987 Mar	170	maturity	111	92.14
110	5.17%	1987 Mar	175	maturity	116	92.14
111	5.17%	1987 Mar	180	maturity	121	92.14
112	5.17%	1987 Mar	185	maturity	126	92.14
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114	5.17%	1987 Mar	195	maturity	136	92.14
115	5.17%	1987 Mar	200	maturity	141	92.14
116	5.17%	1987 Mar	205	maturity	146	92.14
117	5.17%	1987 Mar	210	maturity	151	92.14
118	5.17%	1987 Mar	215	maturity	156	92.14
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136	5.17%	1987 Mar	305	maturity	246	92.14
137	5.17%	1987 Mar	310	maturity	251	92.14
138	5.17%	1987 Mar	315	maturity	256	92.14
139	5.17%	1987 Mar	320	maturity	261	92.14
140	5.17%	1987 Mar	325	maturity	266	92.14
141	5.17%	1987 Mar	330	maturity	271	92.14
142	5.17%	1987 Mar	335	maturity	276	92.14
143	5.17%	1987 Mar	340	maturity	281	92.14
144	5.17%	1987 Mar	345	maturity	286	92.14
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105	5.17%	1987 Mar	150	maturity	91	92.14
106	5.17%	1987 Mar	155	maturity	96	92.14
107	5.17%	1987 Mar	160	maturity	101	92.14
108	5.17%	1987 Mar	165	maturity	106	92.14
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116	5.17%	1987 Mar	205	maturity	146	92.14
117	5.17%	1987 Mar	210	maturity	151	92.14
118	5.17%	1987 Mar	215	maturity	156	92.14

[illegible]

	Sales In	Net
	1966	1966
1966	100	100
1967	100	100
1968	100	100
1969	100	100
1970	100	100
1971	100	100
1972	100	100
1973	100	100
1974	100	100
1975	100	100
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1977	100	100
1978	100	100
1979	100	100
1980	100	100
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2066	100	100
2067	100	100
2068	100	100
2069	100	100
2070	100	100
2071	100	100
2072	100	100
2073	100	100
2074	100	100
2075	100	100
2076	100	100
2077	100	100
2078	100	100
2079	100	100
2080	100	100

[illegible]

(Continued on Page 11)

Bid	Ask	Bid	Ask	Bid	Ask
4.15	NL	STPout Invest:		14.17	15.25
3.82	NI	STPout Invest:		14.17	15.25

[illegible]

Explanation of Symbols—

A	European Unit of Account	LFR	Luxembourg Franc
-	Pound Sterling	SFE	Swiss Franc
	Deutsche Mark	FF	French Franc
D	Norwegian Kroner - DM		

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Language

The Ease of Sleaze

By William Safire

NEW YORK — About 18 months ago, inveighing against the influence of a few of President Carter's friends and relatives, I searched for a noun that would encapsulate shoddiness, cheapness, ineptness and generally off-putting behavior. The noun that presented itself was "sleazy," but I had heard a variant of that word, a shorter and punchier hack formation from "sleazy": the unctuous "sleaze," oozing meretriciously from every pore. My chosen headline: "The Politics of Sleaze."

In Joe Scott's newsletter, "The Political Animal," the noun appears again, to caricature one of Reagan's aides, deriding Richard Allen as "a veteran of close encounters with sleaze in the past." And in Newsweek recently, Meg Greenfield recommended the formation of a Sleaze and Embarrassment Bank: "You would be allowed to make improper interventions on behalf of a former client, so many envelopes, so many deceptions by presidential relatives and so on. . . . When they were gone that would be it—out!" Since "sleaze" is rapidly becoming the preferred noun form of "sleazy," giving that adjective a new life in political descriptions, it behooves us to unearth the derivation.

Most dictionaries say "origin unknown," but in Webster's New World Dictionary, etymologist William Umlauf traces an informed speculation: Sleaze is an area of Eastern Europe now a part of Poland and Czechoslovakia. Its German name is Schlesien. A cloth was produced there called "Slesie-holland" ("holland" is also a name for a linen or cotton cloth), used for linings of garments because it was so fine.

However, the delicate cloth tore easily; hence "sleaze" came to denote cheap or ill-made. "Shoddy" — the word used most often as a synonym for sleazy — has a similar background: The term was popularized in the Civil War to describe material of reprocessed wool sold to the Union Army by unscrupulous contractors.

Hail to thee, big new noun! You

can almost feel "sleaze" in the hand, like that green plastic putty that kids like to squeeze through their fingers. When thrown at a public figure, it is hard to get off, recalling the unprincipled advice of a politician: "Calumniate! Calumniate! Some of it will always stick."

"THE SUBSTITUTION of the word 'regime' for 'regimen' is driving me crazy," fumes Heidi Jon Schmidt of Iowa City. "A television commercial shows a woman following her beauty regime" (perhaps "Evita" has had some effect here!) and a radio broadcast a while ago went into great detail on the "regime" the ex-hostages followed in Wiesbaden."

Calm down, Miss Schmidt. "Although regimen is the preferred term when the meaning is a systematic procedure or a system of therapy," reports lexicographer Anne Soukhanoof of Houghton Mifflin, "regime is nevertheless a legitimate synonym for regimen and has been so used at least since 1776." That was in a letter from Earl Carlisle: "Regime is better than physic," meaning, "Exercise beats medicine."

Stylistically, however, I align myself with the daughters of the regime. People who use "regime" are usually being affected, trying to Frenchify their cosmetics copy; I would leave that word alone, using it only to deride a government, as in "during Evita Peron's regime."

WHENEVER President Reagan was asked how he felt about the approval of his AWACS sale, he would reply: "Cautiously optimistic." Since that time, the phrase has been taken up by every politician in Washington.

The phrase could use a rest. It says: "I'm hopeful, but in case it doesn't work out, I was careful not to be too hopeful."

Why is nobody ever "cautiously pessimistic"? Because pessimism, even when judiciously modified, is not upbeat and sunny, as statesmen are supposed to be.

Just for a change, let's try "carefully hopeful." Or go back to George Bush's "We have momentum." Or a nicely pompous "My confidence, though restrained, is abiding."

Is there hope for the demise of "cautiously optimistic"? You know what I am.

New York Times Service

The Ghosts of Travels Past

By Drew Middleton

New York Times Service

NEW YORK — Not long ago I encountered a former colleague in the Frankfurt airport. Our aircraft was the statutory 30 minutes late so we had time to cross the vagaries of contemporary travel and compare conditions with those of 25 or 30 years ago. Then we were informed that a minor repair was necessary in the equipment — nowdays we fly in "equipment," not airplanes, which may be what is wrong — and we repaired to the bar knowing the wait certainly would be extended to an hour, perhaps more.

My friend asked me to name one single improvement in travel over the last quarter of a century. After some thought I came up with an answer. He would recall that the sleeping compartments of the Paris-London night ferry train were ornamented by a picture showing travelers how to don a life-jacket in an emergency. Until the late 1970s the photograph was of a somnolent porter with a moth-eaten mustache. On my last trip on that train, however, he had been replaced by a shapely blonde. That, I suggested, was improvement.

"Yes," my companion replied, "but they've discontinued the service. It's finished, kaput. If you want to get to Paris from London or vice versa in a hurry — hurry my foot — you struggle out to the airport, pack into a flying nickelodeon and are robbed by the taxi driver at either end. Do you remember the way it used to be?"

I did. The night ferry between the two capitals is one of the most enjoyable memories of a long and varied experience in travel. You left Paris at about 10 p.m. It was my custom to arrive at the station a half hour early to observe the clientele: hurried fathers with clamorous broods of children, well-oiled businessmen, noisy students who, of course, had not engaged a compartment but would spend the night in the day coaches swigging beignets and singing.

When the train pulled out, you went to your compartment, rang the bell and ordered a nightcap.

Disturbing Factor The only disturbing factor was that after the train had rolled off the ferry at Dover it was ministered to by a team of folked Cockney humorists. I usually drew Bert and Alf, who interspersed their task of beating the wheels with mauls (calculated to soothe passengers who had experienced a bad crossing) with descriptions of what had happened the night before at their local pub.

Shaved and dressed, you went to the res-

taurant car that had been linked to the train at Dover. The English, so goes the old canard, serve only one good meal, breakfast. The breakfast on that train was superb. The eggs and bacon were consumed. The marmalade English countryside rolled past. The Times told you that nothing much had changed since about 1934. You were at Victoria Station, a short taxi ride from your hotel, at about 9 a.m.

Because I am a good sailor, my favorite mode of transatlantic travel in the old days, when there were ships aplenty on the North Atlantic run, was on one of the great liners.

The food ranged from good to excellent. The passenger could ask for and get anything. Liana Turner once breakfasted on steak tartare and champagne. There was abundant opportunity for exercise, and the company, once you spotted and thereafter avoided the ship's bore, was excellent.

The most pleasurable of my Atlantic trips came early in 1956 when I crossed to New York on the Queen Elizabeth. It was January and first class was about one-third full. In addition to Anthony Eden and other notables, the passengers included Randolph Churchill, Sir Winston's only son. In his character, transatlantic travel with good fellowship. Many disliked him, but over the years I found him entertaining and a fund of good stories.

The sea was rough on the second morning out. After breakfast, I set out for my daily 20 rounds of the deck. I observed two elderly women huddled in deck chairs. Their complexion was that of a badly done film of ash and each time the Queen pitched or rolled, they groaned.

Breakfast Comment Enter Randolph, rubicund and as sleek as a Derby entry. "Just had an excellent breakfast," he announced in a voice easily audible in Belfast. "Deviled, broiled, a snack of pancakes and half a bottle of champagne."

As he finished, I was hit amidships by the smaller of the two ladies, intent on reaching the rail. Randolph adroitly dodged the other, who was on a similar mission. "I wonder what brought that on?" he asked.

Children up to, say, 14 are a problem in travel. I have long wondered why scientists, instead of fooling around with nuclear weapons and spacecrafts, do not invent a pill that will render insensible a child about to start a long journey. Given in the right amount, the pill could knock the tot into a coma for the length of the trip. Surely something could be made that would stiffen the infant's limbs so that he or she could be tied up and placed in the luggage rack until the journey was completed.

Admittedly, air travel is faster, transatlantic or otherwise. But is speed all? In first class the food is no better than moderate. In what is laughingly called "economy" it is dreadful. The fellow who, when asked by his wife on arriving in New York from California what he had had for dinner, responded "something green, something brown," had it right.



Of many, many plane trips, two stick in my memory. I was flying from Mandalay to Calcutta on an elderly C-47. The passengers included mostly children, some flustered old folks and a couple of drunken soldiers. The temperature inside the plane when we entered was roughly 105 degrees Fahrenheit. As soon as we took off, the children were sick, the old folks began to keel and the pilot, evidently flying by the seat of his pants, took us inches above every hill on the route.

Bolled Australians

One of our journeys was more interesting. In Tehran, I joined a flight from Australia to London. (This was before the ayatollah.) About three-quarters of the passengers were mature Australians dressed alike in blazers and slacks and, with a few exceptions, boiled to the eyebrows. I asked for a beer. No, they were out of beer. A whiskey. No, that, too, had vanished. The steward said they hoped to replenish supplies in Vienna.

The Australians were all likable fellows and it soon developed that some had strayed away from quarters of this and that in the event that they were unwarmed on route. So, incessant choruses of "Waltzing Matilda" could be endured.

I have had some enjoyable car trips in Europe and Asia, and some unenjoyable ones. Of the latter the least happy was in a jeep driving from northern Burma to Mandalay. It was night and the Burmese driver, a pleasant enough fellow, drove at moderate speed. Suddenly we hit what I took to be a log in the road. The driver stopped, got out and announced that the object was a large python, dead as a gutted herring.

The driver proposed to cut the snake in the back seat and drive on to Mandalay, where, he said, the sale of the skin would put him on velvet for life. I demurred. After some palaver he agreed to coil the snake at the side of the road and cover it with rocks. He would pick it up on his return trip — but he informed me that the market for python skins was better in Mandalay.

I agreed, and, my mind full of young wives' tales of how these critters traveled in pairs, stood on the back seat overseeing the operation. We made it all right, but a stiff restorative was necessary when I reached Mandalay.

All in all, travel has not improved. The young will never know the flavor and delight of a crossing on one of the Queens or the Paris-London night ferry train. If someone conjures up the old QE, as she was in her prime, I'll be aboard tomorrow. Those were the days.

Letter From Alaska

The Arctic-Night Blues

Jay Mathews

Washington Post Service

DEAD HORSE, Alaska — A long-forgotten arctic explorer, quoted here occasionally, once complained of "those long periods in which one cannot get a tan, and thus one considers murdering his mother."

Here on the shore of the Arctic Ocean, a few hundred Americans pump petroleum riches into the trans-Alaskan pipeline to be shot across the flat snowfields toward the sun. It will do no good. The sun is gone, not to reappear for two months.

Even 750 miles south in Anchorage, the arctic winter "makes you pretty edgy," said Dana Fabre, an attorney who as state public defender must represent those who let their winter rage get the better of them. A statewide mood swing sets in, contributing to an upsurge in beatings and assaults, said Anchorage police Maj. Ron Orvik.

Professor James Orvik, of the University of Alaska's Center for Cross Cultural Studies in Fairbanks, said: "Alaska is a pretty violent place. People here have a certain tendency to get downright irritable. They have lots of time to contemplate themselves when they are feeling most vulnerable, and they are feeling vulnerable because the environment has them at bay. Americans are used to controlling their environment."

It's the Dark

"It's the dark, not the cold," Fabre said. "After all, it's colder in some parts of Wisconsin or Maine than it is here." Anchorage tries to encourage healthy outlets by providing lighted cross-country ski trails.

Far to the north, in this little community of prefabricated buildings named after a vanished construction company, assistant hotel manager Bob Jenkins cures his winter depression by planning regular escapes. "Every winter I go somewhere nice, like Mexico or the Bahamas," he said.

Oil workers and their support staff here draw salaries three or four times the average and can afford such trips, but most Alaskans must stick around. Employment in the state is often seasonal. Work slacks off in the cold, dark winters and leaves Alaskans with even less to keep their minds occupied. Many find the only recreation left is drinking. "All arctic cultures have high alcoholism rates," said Orvik.

Jenkins, whose 150-room, single level Nana Camp motel is usually packed with workers, pines in the dark about the winter as a friend approaches his table in the communal dining room. Could Jenkins lend him two six-packs of beer? "We always run very short here," Jenkins said.

Bottle Check Jenkins, 35, used to work in the security detail when pipeline construction drew thousands of workers here. For a while, supervisors tried to restrict alcohol consumption and asked security men to check garbage in the morning for discarded cans and bottles. "It was a joke," Jenkins said.

Today, oil companies that employ technicians and drilling teams here allow the inevitable winter drinking as long as everyone does his or her 12-hour daily shift. Many work seven consecutive days, then catch up on sleep and recreation with seven days off in Anchorage.

In the summer, the 24-hour sunlight seems intoxicating enough for many Arctic Circle veterans. "I can go and go and go and go," said Curt Griggs, 35, a material planning supervisor for Sohio. "In the summer, I only need three or four hours' sleep a night."

Joe Willis of the Homer News, the weekly paper in a little town on the Kenai Peninsula, wrote of his personal conquest of scotophobia (fear of the night). He found people gloating in the dark, looking for the Northern Lights and counting the stars. "Yes, all the possibilities were told to me that night," Willis wrote, "the heavy bear-like sleep stage, the meowing-out-of-the-office-at-3-p.m. maneuver, the mushroom-growing possibilities."

Christmas Freak

"I'm a real Christmas freak," says schoolteacher Karen Wessel-Friedman, who lives in a cabin 10 miles from Homer. "So if I'm here and the fire is going, then I feel real good, full of the holiday spirit. The only time I notice the dark is between Christmas and the end of January. Then it starts getting light again."

Karen Cantillon, who works for the state's Department of Environmental Conservation in Juneau, acknowledges the effects of what she calls "cabin fever" during the long winter, but there is one useful way to spend the time. "A lot of people get pregnant," she said.

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